

2024

SUPPLEMENTAL BUDGET SUBMITTAL



WASHINGTON STATE DEPARTMENT OF
LICENSING

dol.wa.gov

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<https://ofm.wa.gov/it-systems/budget-and-legislative-systems/agency-budget-requests-abr>

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STATE OF WASHINGTON
DEPARTMENT OF LICENSING

September 13, 2023

TO: David Schumacher, Director
Office of Financial Management

FROM: Marcus J. Glasper, Director 
Department of Licensing

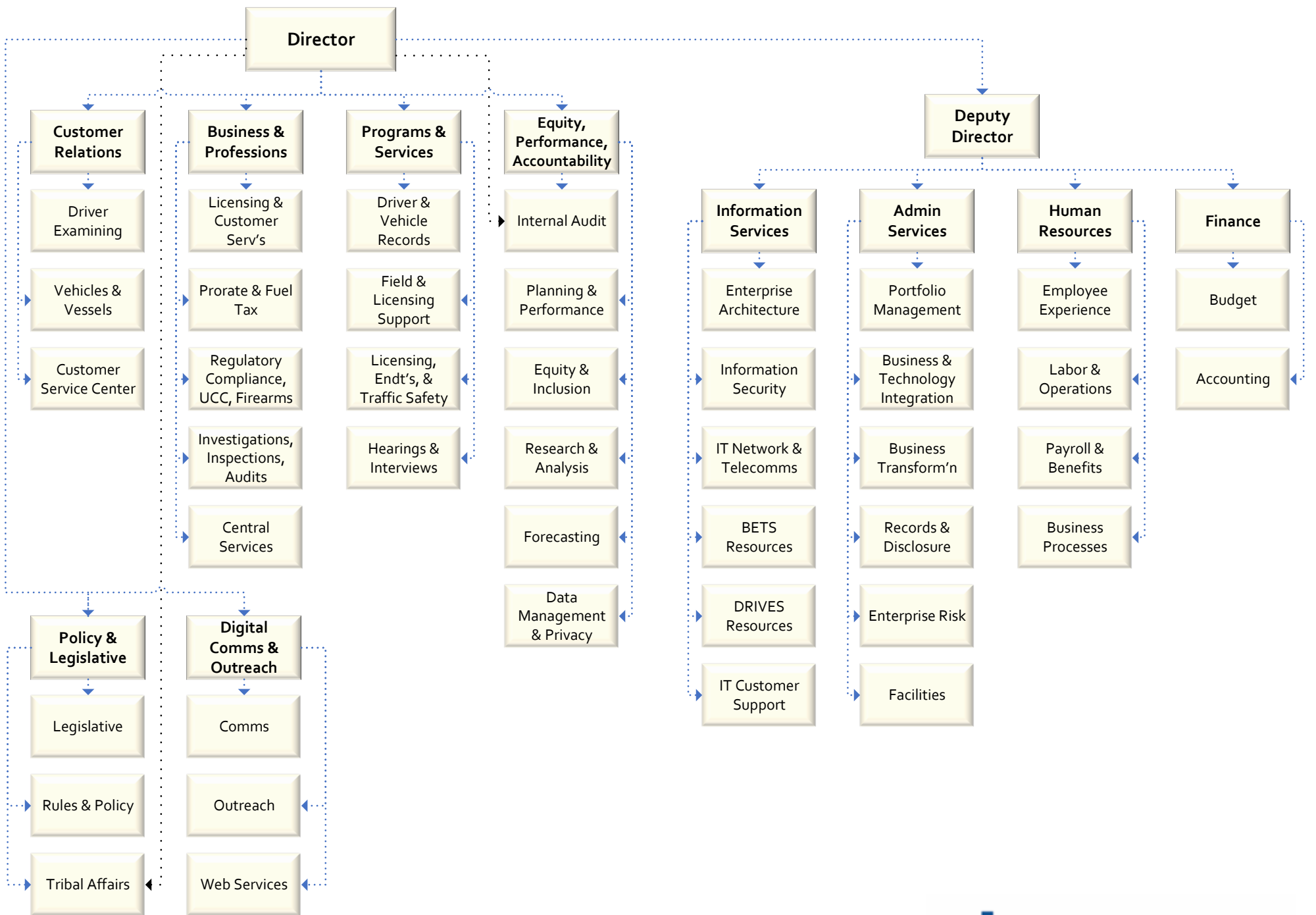
SUBJECT: DOL's 2024 Proposed Supplemental Budget

Attached is the Department of Licensing's (DOL's) 2024 supplemental budget request for your review and consideration. Our proposed budget strives to advance Governor Inslee's goals for "Healthy and Safe Communities" and "Efficient, Effective, and Accountable Government." Our proposal also aligns with our strategic priorities of "Equity and Inclusion," "Safe and Supported Communities," and "Safe and Secure Data." Highlighting our proposal are funding requests that will improve accessibility to our identity documents, address the forthcoming REAL ID implementation deadline, enhance our fuel tax collection capabilities, and bolster our Finance Office.

In addition, DOL's Information Technology (IT) decision packages endeavor to reduce technical debt while advancing the agency's initiatives that focus on customer experience and diversity, equity, and inclusion. Our IT decision packages also empower us to remain current with data security best practices and meet unanticipated changes in law.

In sum, DOL's budget proposal is designed to advance key strategic priorities of both the governor and our agency, and does well to fulfill our purpose: helping every Washington resident live, work, drive, and thrive.

If you or your team have any questions, please contact me at (360) 634-5005; Sherman Enstrom, Chief Financial Officer, at (360) 634-5269; or Collin Ashley, Budget Operations Administrator, at (360) 634-5384.



2023-2026

STRATEGIC PLAN



WASHINGTON STATE DEPARTMENT OF
LICENSING

OUR MISSION STATEMENT

“ Helping every Washington resident
LIVE, WORK, DRIVE, AND THRIVE. ”

OUR VALUE STATEMENTS

Growing a culture of **belonging** through our values:

- **RESPECT** – We treat each person with dignity and respect.
- **TRUST** – We earn your trust through our actions.
- **DIVERSITY** – Our differences are our strengths.
- **EQUITY** – We meet each person's unique needs.
- **INCLUSION** – Your voice informs and influences.

OUR PRIORITIES

- **Engaged and Prepared Employees.** We know our employees are the heart of our agency. We support their ability to develop and thrive, all while fulfilling our purpose, living our values, and advancing our strategic plan.
- **Equity and Inclusion.** We believe the best way to serve all Washingtonians is by removing barriers to our services. We continually ask how we can improve accessibility for **everyone**.
- **Safe and Supported Communities.** We recognize our critical role in preserving roadway safety and professional integrity. We fulfill our mandate by ensuring Washingtonians understand and follow the laws that impact them.
- **Safe and Secure Data.** We take the protection of Washingtonians' private information seriously. We employ the latest tools and techniques to safeguard data and prevent fraud.



PRIORITY: ENGAGED & PREPARED EMPLOYEES

GOAL

DOL employees demonstrate diversity, equity, inclusion, trust, and respect.

STRATEGY: Improve the agency's DEI maturity through competency development, education, and training.

Initiative:

1. Develop a comprehensive DEI training, recognition, and education program based on enterprise DEI competencies.
 - *The program will include developing a competency matrix, creating recognition for demonstrating agency values, and updating the agency's performance assessment process.*

GOAL

Every employee has the opportunity for professional development.

STRATEGY: Build an employee experience program as a model for growth and development within the agency.

Initiatives:

1. Deliver i-LEAD program to all DOL supervisors, focusing on developing inclusive leadership competencies.
 - *DOL's supervisor training program will create and foster a DEI- and belonging-centered, people-first leadership culture at the agency.*
2. Develop and publish an Employee Development Plan, identifying training needs, priorities, goals, and key performance indicators.
 - *The Employee Development Plan will identify agency workforce development priorities, gaps in employee training, and specific measures of success to reach the agency's workforce development goals.*

3. Develop staffing models that provide all employees with dedicated time to participate in annual professional development training.
 - *The agency will facilitate equal opportunities for field and office staff to further their professional development.*

GOAL

DOL's reputation for engaged employees makes people want to work for us.

STRATEGY: Support a modern work environment with tools, training, and facilities updates.

Initiatives:

1. Adopt technologies, policies, flexible work structures, and tools to modernize DOL's workforce.
 - *To support DOL's workforce and retain top talent in a hybrid work environment, provide a modern workforce that achieves customer and business needs.*
2. Develop and deliver a mentoring program for supervisors to cultivate a people-first, agency values-based leadership culture.
 - *The agency-wide mentoring program will engage agency leadership in the development of the next generation of leaders.*
3. Create a central location for all policies, procedures, forms, and templates to provide employees with clear and consistent information.
 - *The repository for all key agency documents will support the delivery of clear and consistent information across the enterprise.*
4. Update Olympia area facilities to support changes in workforce and service delivery.
 - *Modernize DOL workspaces to create more touch-down and collaboration spaces, supporting a hybrid workforce.*



PRIORITY: EQUITY AND INCLUSION

GOAL

All residents will have equitable access to DOL's services.

STRATEGY: Improve culturally and linguistically appropriate services and communications.

Initiatives:

1. Revise the agency's language access plan and policy.
 - *The agency will incorporate language access and accessibility best practices and standards into DOL business operations to create an equitable service delivery to all Washingtonians regardless of language preference.*
2. Establish a dual language performance, testing, and planning model.
 - *The dual language program will provide standards and requirements for DOL to utilize and provide compensation to dual or multi-lingual employees when serving customers.*
3. Develop a standardized tagline document for language access and assistance with agency letters and correspondence.
 - *The document will ensure agency publications are interpreted or translated for customers upon request.*

GOAL

DOL will eliminate barriers in the services we provide.

STRATEGY: Identify and remove service barriers in the agency's internal business practices, procedures, policies, and rules.

Initiatives:

1. Identify and update high priority external forms and letters using plain talk principles.
 - *DOL will determine the agency's vital documents and publications and update them with plain talk principles to ensure that they are easily understood by our customers.*

2. Procure natural language processing tools and environment to assess customer feedback.
 - *DOL will deploy technology to aid the agency in processing and understanding customer open text feedback received from the agency's website and survey tools.*
3. Conduct regulatory improvement effort to identify and eliminate barriers in the agency's rules, policies, and business practices.
 - *DOL will catalog policies and regulations and identify potential regulatory improvements to enhance access to DOL services.*

GOAL

DOL will address systemic inequities in staffing, budgeting, and program and policy development.

STRATEGY: Create and implement a standardized stakeholder and community engagement model and process for developing policies and agency request legislation, reforming program regulations, and hiring diverse candidates.

Initiatives:

1. Create a stakeholder engagement toolkit with resources on best practices and guidelines on culturally appropriate engagement.
 - *DOL will adopt business standards for seeking community and stakeholder feedback.*
2. Create a standardized community and stakeholder feedback process for agency request legislation, decision package development, and agency communications.
 - *The process will ensure that stakeholder and community voices are incorporated in agency legislation, requests, and outreach.*



GOAL

All customers will receive efficient, effective, and timely service.

STRATEGY: Improve access to online services.

Initiatives:

1. Conduct Phase 1 of the website improvement project.
 - *Phase 1 of the website improvement project will improve readability and digital accessibility according to WCAG standards.*
2. Conduct Phase 2 of the website improvement project.
 - *Phase 2 of the website improvement project will improve access to online services and provide more digital service options.*

STRATEGY: Ensure timely service for the public.

Initiatives:

1. Develop standardized constituent request and customer feedback process.
 - *DOL will create agency-wide processes and standards for handling and resolving customer emails, phone calls, messages, and constituent requests.*
2. Develop agency standards for customer experience based upon customer feedback.
 - *DOL will understand the customer experience and create expectations of timeliness and quality of service.*

STRATEGY: Improve existing in-person and phone channel offerings to ease interactions with our agency.

Initiatives:

1. Modernize the agency's customer contact centers.
 - *DOL will deploy modernized telephone systems to support its contact centers.*

2. Modernize the agency's licensing service offices.
 - *DOL will modernize its queuing technology, allowing efficient, in-person customer service.*
3. Deploy DOL2Go services.
 - *The agency will create a mobile office to provide customers with greater access to our services.*

GOAL

DOL will consistently and equitably apply rules and policies across programs.

STRATEGY: Identify and implement opportunities for rule and policy improvements.

Initiative:

1. Inventory agency public safety rules and policies, conduct crosswalk mapping exercise, and create recommendations for improvement.
 - *By creating an inventory of all agency public safety rules and policies to understand the landscape, conducting a mapping exercise that compares policies and rules, and creating recommendations that seek to provide clarity, DOL will eliminate barriers to our customers and update outdated language.*

GOAL

Reduce the number of serious injuries and fatalities on Washington roadways.

STRATEGY: Implement DOL's portion of the state's highway safety plan, Target Zero.

Initiatives:

1. Create an implementation plan for key agency actions identified in the Washington Traffic Safety Commission Highway Safety Plan.
 - *DOL will convene agency subject matter experts to develop a multidivisional prioritization plan that builds upon legislation and other sources of research to support agency actions identified in the WTSC Highway Safety Plan.*
2. Revamp the Driver Guide, skills exam, and scoring methodology.
 - *Updating the driver skills exam, Driver Guide, and scoring methodology will increase awareness of rules of the road and enhance driver skills when operating a motor vehicle.*



PRIORITY: SAFE & SECURE DATA

GOAL

All DOL data meets the highest standard of privacy and security.

STRATEGY: Continually implement best practices to improve stewardship and standards for the management of data.

Initiatives:

1. Establish quality standards and enhance policies to govern the agency's use of data.
 - *Utilize DOL's Data Governance Committee to adopt standards and enhance policies for supervisors and technical staff regarding the agency's data practices in the collection, use, sharing, retention, and storage of agency data.*
2. Implement secure data standards.
 - *Use existing tools to scan all computer systems and storage repositories for customer data to identify insecure methods and document a standard secure repository where Category 1 to 4 data must reside.*
3. Implement best practices for the encryption of confidential data being processed, stored, and shared.
 - *DOL will develop business processes to ensure encryption is used by DOL staff when sharing data.*
4. Implement multi-factor authentication with DOL's online services.
 - *DOL will enable additional steps to verify identity in Secure Access Washington to protect customer information.*
5. Conduct an independent third-party audit of DOL's internal data protections.
 - *DOL will undergo an independent review of DOL data practices and protections to identify gaps and opportunities for improvement.*

STRATEGY: Protect our customers' personal information.

Initiatives:

1. Implement customer alerts for online high-value transactions.
 - *DOL will implement a customer alert system that will provide notifications to customers when an online change is made to certain records on their account in the DRIVES system.*
2. Evaluate login settings in Polaris and DRIVES and make recommendations to reduce multiple attempts and excessive time in the system.
 - *DOL's evaluation will create recommendations to mitigate security concerns.*
3. Conduct a feasibility analysis on technology solutions that will decrease occurrence of dishonored payments.
 - *DOL will review business practices against potential technology solutions for compatibility to decrease occurrence of dishonored payments.*
4. Conduct a feasibility analysis on the Office of the State Treasurer approved digital payment methods for increased customer payment options.
 - *DOL will review potential technology solutions with approved providers that would allow additional customer payment options.*
5. Conduct a feasibility analysis of no-logon options for improved security in DRIVES and provide recommendations to agency leadership.
 - *DOL will review logon options and offer recommendations on how to improve security.*



Dollars in Thousands

**ACT001 - Agency Activity Inventory
240 - Department of Licensing
2024 First Supplemental Budget Session
10 - 2024 Supplemental**

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Appropriation Period: 2023-25 Sort By: Activity

A030 Agency Administration

DOL's core services include driver, vehicle and professional licensing, regulation and education. Agency overhead is the business infrastructure required to lead and support that broad scope, and ensure agency accountability. Business units include: Executive management, Policy & Legislation, Communication & Education, Performance & Accountability, Human Resources, Emergency & Risk management, Budget, Accounting, Payroll, Contracts, and Public Disclosure.

ACT001 - Agency Activity Inventory
240 - Department of Licensing
10 - 2024 Supplemental

Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
FTE	367.8	384.7	376.3
22J Abandoned Rec Vehicle Disposal Acct			
22J-1 State	\$154	\$158	\$312
24K Agency Financial Transaction Account			
24K-1 State	\$2,163	\$3,412	\$5,575
16M Appraisal Management Company Acct			
16M-1 State	\$30	\$51	\$81
16M-6 Non-Appropriated	\$4	\$4	\$8
16M Account Total	\$34	\$55	\$89
003 Architects' License Account			
003-1 State	\$602	\$510	\$1,112
06L Business and Professions Account			
06L-1 State	\$9,120	\$8,049	\$17,169
21E Concealed Pistol License Renew Acct			
21E-1 State	\$134	\$8	\$142
513 Derelict Vessel Removal Account			
513-1 State	\$2	\$2	\$4
201 DOL Services Account			
201-1 State	\$2,824	\$2,833	\$5,657
19T DOL Tech Improve and Data Mgmnt Acc			
19T-1 State	\$571	\$373	\$944
25W DriverLicensingTechnologySupportAc			
25W-1 State	\$578	\$463	\$1,041
20J Electric Vehicle Account			
20J-1 State	\$220	\$223	\$443
146 Firearms Range Account			
146-1 State	\$31	\$43	\$74
15V Funeral and Cemetery Account			
15V-1 State	\$63	\$44	\$107
15V-6 Non-Appropriated	\$445	\$437	\$882
15V Account Total	\$508	\$481	\$989
001 General Fund			

ACT001 - Agency Activity Inventory
240 - Department of Licensing
10 - 2024 Supplemental

Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
001-1 State	\$3,160	\$3,072	\$6,232
298 Geologists' Account			
298-1 State	\$15	\$26	\$41
298-6 Non-Appropriated	\$209	\$216	\$425
298 Account Total	\$224	\$242	\$466
106 Highway Safety Account			
106-1 State	\$40,459	\$40,546	\$81,005
14V Ignition Interlock Device Revolving			
14V-1 State	\$0	\$7	\$7
16B Landscape Architects' License Acct			
16B-1 State	\$9	\$13	\$22
16B-6 Non-Appropriated	\$55	\$62	\$117
16B Account Total	\$64	\$75	\$139
06T License Plate Technology Account			
06T-1 State	\$2,075	\$2,129	\$4,204
104 Limited Fish and Wildlife Account			
104-1 State	\$180	\$187	\$367
17W Limousine Carriers Account			
17W-1 State	\$8	\$8	\$16
108 Motor Vehicle Account			
108-1 State	\$16,258	\$19,706	\$35,964
108-7 Local	\$50	\$50	\$100
108 Account Total	\$16,308	\$19,756	\$36,064
082 Motorcycle Safety Education Account			
082-1 State	\$672	\$669	\$1,341
26Q Move Ahead WA Flexible Account			
26Q-1 State	\$356	\$352	\$708
06G Real Estate Appraiser Commission			
06G-1 State	\$471	\$481	\$952
026 Real Estate Commission Account			
026-1 State	\$3,848	\$3,552	\$7,400
04F Real Estate Education Program Accou			
04F-1 State	\$20	\$18	\$38

ACT001 - Agency Activity Inventory
240 - Department of Licensing
10 - 2024 Supplemental

Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
06R Real Estate Research Account			
06R-1 State	\$25	\$26	\$51
04E Uniform Commercial Code Account			
04E-1 State	\$691	\$1,410	\$2,101

Statewide Result Area: Prosperous Economy

Statewide Strategy: Provide consumer protection

Expected Results

A strong business infrastructure will result in efficient, effective and accountable services to nearly 6 million customers with over 13 million transactions each year. Specific results expected include: managing a growth in agency workload that outpaces growth in resources, data and research driven public policy decisions, continuous improvement of licensing and regulatory programs, spending within budget, accurate revenue collection and public information, safe offices, secure data, and ultimately engaged employees and satisfied customers.

ACT001 - Agency Activity Inventory
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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

A031 Driver Licensing, Regulation and Records

DOL issues and renews driver licenses, permits and identification cards to over 1 million Washington residents each year, by screening applicants for identity, eligibility and skills. DOL improves traffic safety by providing driver guides, curriculum and tests, motorcycle and commercial driver safety programs and endorsements, managing driver records, regulating unsafe drivers, and licensing and regulating driver training schools, instructors and examiners. Customers are served through driver licensing offices, online and by phone. Transaction fees collected help fund the state's transportation system.

Account	FY 2024	FY 2025	Biennial Total
FTE	783.7	813.3	798.5
24K Agency Financial Transaction Account			
24K-1 State	\$21	\$23	\$44
001 General Fund			
001-1 State	\$95	\$198	\$293
106 Highway Safety Account			
106-1 State	\$87,161	\$91,817	\$178,978
106-2 Federal	\$1,724	\$647	\$2,371
106 Account Total	\$88,885	\$92,464	\$181,349
14V Ignition Interlock Device Revolving			
14V-1 State	\$3,161	\$3,176	\$6,337
108 Motor Vehicle Account			
108-1 State	\$1,466	\$1,469	\$2,935
082 Motorcycle Safety Education Account			
082-1 State	\$1,919	\$1,953	\$3,872

Statewide Result Area: Healthy and Safe Communities

Statewide Strategy: Enforce the law

Expected Results

Key results expected include: decreasing traffic collisions, injuries and fatalities; increasing identity fraud prevention; sustaining or exceeding 90% of customers served within 30 minutes in offices and 4 minutes by phone; sustaining or exceeding 90% of customers reporting we met or exceeded their ideal expectations in person, by phone and online.

ACT001 - Agency Activity Inventory
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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

A032 Vehicle and Boat Registration, Titles and Records

DOL provides vehicle titles, registrations, plates and permits, as well as boat registrations, through county auditors and the private businesses with whom they subcontract. DOL provides technical support and training to these direct service providers and manages the contract. DOL creates, maintains and secures vehicle records; assists law enforcement by providing access to records; and collects fees and taxes that support state and local transportation projects, law enforcement, and the Washington State Patrol.

Account	FY 2024	FY 2025	Biennial Total
FTE	76.4	79.3	77.9
22J Abandoned Rec Vehicle Disposal Acct			
22J-1 State	\$1,391	\$1,388	\$2,779
24K Agency Financial Transaction Account			
24K-1 State	\$6,250	\$5,129	\$11,379
16M Appraisal Management Company Acct			
16M-1 State	\$0	\$8	\$8
513 Derelict Vessel Removal Account			
513-1 State	\$16	\$17	\$33
201 DOL Services Account			
201-1 State	\$1,069	\$1,211	\$2,280
25W DriverLicensingTechnologySupportAc			
25W-1 State	\$403	\$299	\$702
104 Limited Fish and Wildlife Account			
104-1 State	\$187	\$182	\$369
108 Motor Vehicle Account			
108-1 State	\$5,288	\$6,501	\$11,789
108-7 Local	\$618	\$618	\$1,236
108 Account Total	\$5,906	\$7,119	\$13,025

Statewide Result Area: Healthy and Safe Communities

Statewide Strategy: Support and enhance highway safety

Expected Results

Key results expected include: improving the speed of vehicle title issuance, and continued prevention of vehicle title fraud.

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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

A033 Professions Licensing, Regulation and Records

DOL licenses and regulates over 260,000 professions and businesses spanning over 40 industries, so that all Washington consumers are protected from potential risks to their health, safety or assets. Services include: audits and inspections of licensees, and guidance on regulatory compliance; taking regulatory action, conducting hearings, and corrective action follow-up; investigating consumer complaints against licensees; and partnering with regulatory boards regarding license requirements and consumer protection.

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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
FTE	239.3	238.7	239.0
16M Appraisal Management Company Acct			
16M-1 State	\$94	\$75	\$169
16M-6 Non-Appropriated	\$12	\$(2)	\$10
16M Account Total	\$106	\$73	\$179
003 Architects' License Account			
003-1 State	\$336	\$256	\$592
06L Business and Professions Account			
06L-1 State	\$6,436	\$5,833	\$12,269
15V Funeral and Cemetery Account			
15V-1 State	\$5	\$13	\$18
15V-6 Non-Appropriated	\$470	\$526	\$996
15V Account Total	\$475	\$539	\$1,014
001 General Fund			
001-1 State	\$36	\$38	\$74
298 Geologists' Account			
298-1 State	\$2	\$12	\$14
298-6 Non-Appropriated	\$183	\$179	\$362
298 Account Total	\$185	\$191	\$376
106 Highway Safety Account			
106-1 State	\$1,642	\$1,681	\$3,323
16B Landscape Architects' License Acct			
16B-1 State	\$31	\$42	\$73
16B-6 Non-Appropriated	\$131	\$141	\$272
16B Account Total	\$162	\$183	\$345
17W Limousine Carriers Account			
17W-1 State	\$55	\$55	\$110
108 Motor Vehicle Account			
108-1 State	\$521	\$522	\$1,043
082 Motorcycle Safety Education Account			
082-1 State	\$0	\$8	\$8
26Q Move Ahead WA Flexible Account			
26Q-1 State	\$692	\$696	\$1,388

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
06G Real Estate Appraiser Commission			
06G-1 State	\$717	\$580	\$1,297
026 Real Estate Commission Account			
026-1 State	\$3,770	\$3,688	\$7,458
04F Real Estate Education Program Accou			
04F-1 State	\$140	\$138	\$278
06R Real Estate Research Account			
06R-1 State	\$206	\$204	\$410
04E Uniform Commercial Code Account			
04E-1 State	\$164	\$888	\$1,052

Statewide Result Area: Prosperous Economy

Statewide Strategy: Provide consumer protection

Expected Results

Key results expected include: sustaining or exceeding 90% timeliness of pre-license inspections, license issuance, and post-license audits and inspections; and increasing the services available to licensees online, as well as their use and satisfaction of those services.

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Appropriation Period: 2023-25 Sort By: Activity

A034 Administration of Fuel Tax Collection and Motor Carrier Services

DOL administers motor vehicle, special, and aviation fuel tax collection programs; processes fuel tax returns; and collects over \$1 billion in annual revenue to fund our state's transportation system. DOL licenses and audits fuel distributors, and provides them with taxpayer education. DOL administers the International Registration Plan and International Fuel Tax Agreement, providing one-stop vehicle licensing and fuel tax filing services for Washington based interstate motor carriers.

Account	FY 2024	FY 2025	Biennial Total
FTE	3.5	14.0	8.8
048 Marine Fuel Tax Refund Account			
048-1 State	\$17	\$17	\$34
108 Motor Vehicle Account			
108-1 State	\$6,030	\$7,601	\$13,631

Statewide Result Area: Prosperous Economy

Statewide Strategy: Manage mobility system demand and maximize operations

Expected Results

Key results expected include: collection of over \$1 billion per year in fuel taxes which fund the state's transportation system, timely audits of fuel distributors and regulatory action, and collection of delinquent accounts.

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Appropriation Period: 2023-25 Sort By: Activity

A036 Agency IT Projects

DOL is continuously modernizing and adapting its technology systems in response to law changes, population growth, and the public's expectation for modern service through technology. DOL prioritizes and manages large IT projects at an enterprise level to ensure successful outcomes from large technology investments.

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Account	FY 2024	FY 2025	Biennial Total
003 Architects' License Account			
003-1 State	\$8	\$0	\$8
06L Business and Professions Account			
06L-1 State	\$159	\$0	\$159
201 DOL Services Account			
201-1 State	\$14	\$0	\$14
15V Funeral and Cemetery Account			
15V-6 Non-Appropriated	\$12	\$0	\$12
001 General Fund			
001-1 State	\$326	\$9	\$335
298 Geologists' Account			
298-6 Non-Appropriated	\$4	\$0	\$4
106 Highway Safety Account			
106-1 State	\$2,460	\$624	\$3,084
14V Ignition Interlock Device Revolving			
14V-1 State	\$14	\$0	\$14
06T License Plate Technology Account			
06T-1 State	\$0	\$829	\$829
104 Limited Fish and Wildlife Account			
104-1 State	\$2	\$0	\$2
108 Motor Vehicle Account			
108-1 State	\$6,016	\$327	\$6,343
082 Motorcycle Safety Education Account			
082-1 State	\$16	\$0	\$16
06G Real Estate Appraiser Commission			
06G-1 State	\$10	\$0	\$10
026 Real Estate Commission Account			
026-1 State	\$74	\$0	\$74
04E Uniform Commercial Code Account			
04E-1 State	\$14	\$0	\$14

Statewide Result Area: Prosperous Economy

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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Statewide Strategy: **Provide data, information, and analysis to support decision-making**

Expected Results

Key results expected include: timely implementation of project milestones and projects costs within budget; increased customer, stakeholder and employee satisfaction with systems after implementation; decreased system downtime; increased transactions completed online.

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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

A037 Agency Overhead

Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure that do not become an integral part of the finished product or service, such as rent, utilities, and other statewide central service costs.

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Dollars in Thousands

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Appropriation Period: 2023-25 Sort By: Activity

Account	FY 2024	FY 2025	Biennial Total
003 Architects' License Account			
003-1 State	\$33	\$32	\$65
06L Business and Professions Account			
06L-1 State	\$845	\$753	\$1,598
201 DOL Services Account			
201-1 State	\$532	\$498	\$1,030
15V Funeral and Cemetery Account			
15V-6 Non-Appropriated	\$87	\$94	\$181
001 General Fund			
001-1 State	\$424	\$331	\$755
298 Geologists' Account			
298-6 Non-Appropriated	\$11	\$11	\$22
106 Highway Safety Account			
106-1 State	\$9,054	\$8,898	\$17,952
14V Ignition Interlock Device Revolving			
14V-1 State	\$25	\$25	\$50
104 Limited Fish and Wildlife Account			
104-1 State	\$16	\$12	\$28
108 Motor Vehicle Account			
108-1 State	\$15,354	\$14,889	\$30,243
082 Motorcycle Safety Education Account			
082-1 State	\$41	\$37	\$78
06G Real Estate Appraiser Commission			
06G-1 State	\$45	\$57	\$102
026 Real Estate Commission Account			
026-1 State	\$411	\$396	\$807
04E Uniform Commercial Code Account			
04E-1 State	\$147	\$175	\$322

Statewide Result Area: Prosperous Economy
Statewide Strategy: Provide consumer protection

ACT001 - Agency Activity Inventory
240 - Department of Licensing
10 - 2024 Supplemental

Dollars in Thousands

*

Appropriation Period: 2023-25 Sort By: Activity

Expected Results

Support transparency and ability to manage costs related to overhead activities and services such as rent, utilities, and statewide central services

Grand Total

	FY 2024	FY 2025	Biennial Total
FTE's	1,470.7	1,530.0	1,500.4
GFS	\$4,041	\$3,648	\$7,689
Other	\$250,074	\$251,316	\$501,390
Total	\$254,115	\$254,964	\$509,079

ACT001 - Agency Activity Inventory
240 - Department of Licensing
10 - 2024 Supplemental

Dollars in Thousands

*

Appropriation Period: 2023-25 Sort By: Activity

Report Number: ACT001

<u>Parameter</u>	<u>Entered As</u>
Version Source	Agency
Session	2024 Supplemental
Agency	240
Version	10 - 2024 Supplemental
Result Area	All Result Areas
Activity	All Activities
Program	All Programs
Sub Program	All Sub Programs
Account	All Accounts
Expenditure Authority Type	All Expenditure Authority Types
Theme	All
Sort By	Activity
Display All Account Types	Yes
Include Policy Level	Yes
Include Activity Description	Yes
Include Statewide Result Area	Yes
Include Statewide Strategy	Yes
Include Expected Results Text	Yes
Include Charts	Yes
Chart Type	Line
Approved Only	Y
Display Parameter Page	Y



Dollars in Thousands

ABS033 Performance Measure Incremental Estimates
240 Department of Licensing
2024 First Supplemental Budget Session
10 - 2024 Supplemental

Activity:

CB T0PL
CB T0PL
ML TC
ML TC
ML VT
ML VT
PL AC
PL AC
PL FT
PL FT
PL R5
PL R5

No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package

Activity: A030 Agency Administration

ML 9Z
PL AC

No measures linked to decision package
No measures linked to decision package

Activity: A031 Driver Licensing, Regulation and Records

ML 9Z
PL R5

No measures linked to decision package
No measures linked to decision package

Activity: A032 Vehicle and Boat Registration, Titles and Records

ML 9Z
ML VT

No measures linked to decision package
No measures linked to decision package

ABS033 Performance Measure Incremental Estimates
240 Department of Licensing
10 - 2024 Supplemental
Dollars in Thousands

Activity: A033 Professions Licensing, Regulation and Records

ML 9Z
ML TC

No measures linked to decision package
No measures linked to decision package

Activity: A034 Administration of Fuel Tax Collection and Motor Carrier Services

ML 9Z
PL FT

No measures linked to decision package
No measures linked to decision package

Activity: A036 Agency IT Projects

ML 9Z

No measures linked to decision package

Activity: A037 Agency Overhead

ML 9Z
ML 9Z

No measures linked to activity
No measures linked to decision package

ABS033 Performance Measure Incremental Estimates
240 Department of Licensing
10 - 2024 Supplemental
Dollars in Thousands

Report Number: ABS033

Input Parameters

Session	2024 Supplemental
Agency	240
Version	10
Program	Agency Level
Activity	(All)
For Word	N
Display Parameter Page	Y



Dollars in Thousands

ABS024 Recommendation Summary
Department of Licensing
2024 First Supplemental Budget Session
10 - 2024 Supplemental

	Average Annual FTEs	General Fund State	Other Funds	Total Funds
CB T0PL Current Biennium Base	1,484.6	7,681	488,873	496,554
2023-25 Current Biennium Total	1,484.6	7,681	488,873	496,554
Total Carry Forward Level	1,484.6	7,681	488,873	496,554
Percent Change from Current Biennium	.0%	.0%	.0%	.0%
Maintenance – Other Changes				
MLF6 Licensing Service Office Relocation	0.0	0	4,092	4,092
MLTC Technical Corrections	0.5	0	149	149
MLVT Postage Inc for Tabs and Titles	0.0	0	1,438	1,438
Maintenance – Other Total	0.5	0	5,679	5,679
Total Maintenance Level	1,485.1	7,681	494,552	502,233
Percent Change from Current Biennium	.0%	.0%	1.2%	1.1%
Policy – Other Changes				
PL A1 Access to Identification	0.0	0	100	100
PL AC Finance FTE	3.5	8	902	910
PL DR DRIVES Change Request	0.0	0	1,643	1,643
PL FT Prorate & Fuel Tax Civil Discovery	8.8	0	1,571	1,571
PL PR Dedicated Funding for POLARIS	0.0	0	372	372
PL R5 REAL ID Workload & Public Awareness	3.0	0	2,250	2,250
Policy – Other Total	15.3	8	6,838	6,846
Subtotal - Policy Level Changes	15.3	8	6,838	6,846
2023-25 Total Policy Level	1,500.4	7,689	501,390	509,079
Percent Change from Current Biennium	1.1%	.1%	2.6%	2.5%

ABS024 Recommendation Summary
Department of Licensing
10 - 2024 Supplemental
Dollars in Thousands

ML F6 Licensing Service Office Relocation

The Department of Licensing (DOL) requests \$4,092,000 in one-time costs to relocate two Licensing Service Offices (LSOs). The LSO relocations are identified in the 2024-2029 Agency Desired Six-Year Facilities Plan submitted to the Office of Financial Management (OFM). This request for LSO relocations responds to operational and emergent facility needs that accommodate increasing populations, which affect workload volumes due to increased demand for driver licensing and identocard services. DOL is requesting additional funding for the Renton LSO relocation that was funded in 23-25 biennium as well as funding for the West Seattle LSO that was funded in 21-23 but not completed.

ML TC Technical Corrections

This decision package encompasses three technical corrections. The operating budget bill, ESSB 5187 Section 401 (7) and (9), identify incorrect accounts relative to the restrictions on use for the accounts. SSB 5399 was enacted without associated expenditure authority and FTE being granted for the requirements, work has begun in state fiscal year 2024.

ML VT Postage Inc for Tabs and Titles

The Department of Licensing requests funding to cover increasing costs to mail out vehicle licensing tab renewal notices and new vehicle titles.

PL A1 Access to Identification

The Department of Licensing (DOL) requests funding as part of our agency request legislation proposal to improve access to driver licenses and ID cards. The proposal includes modifying the requirements for an adult signature on a minor's driver license to include a responsible adult. It also clarifies the requirements to receive an at-cost ID card and directs the agency to study the feasibility of offering a reduced fee ID card. These changes will help the agency achieve its strategic plan of removing barriers to our services.

PL AC Finance FTE

The Department of Licensing (DOL) requests funding for seven FTEs to ensure appropriate oversight and management of DOL's budget and accounting processes, and revenue collections. DOL is one of the top revenue collection agencies in the state with complex revenue accounting based on revenue volumes, number of revenue resources, and number of funds for distribution, and the budget and accounting teams are not adequately staffed to meet increased demands on their respective offices.

PL DR DRIVES Change Request

The Department of Licensing (DOL) requests funding for system enhancements and other complex system changes for its Driver and Vehicle System (DRIVES) and Prorate and Fuel Tax (PRFT) applications. These enhancements and changes improve equity, accessibility, customer experience, business processes, and data security; and will allow the agency to comply with unanticipated mandates.

PL FT Prorate & Fuel Tax Civil Discovery

The Department of Licensing (DOL) requests \$1,571,000 in the 2023-25 biennium as part of its agency request legislation proposal to fund a Prorate and Fuel Tax Discovery team within the agency. When fully functioning in 2025-27, this unit is estimated to enhance prorate and motor vehicle fuel tax collection by \$15,762,000. The proposal will also help ensure a level playing field for businesses engaged in this industry by adding a civil investigation component to DOL's tax compliance framework.

ABS024 Recommendation Summary
Department of Licensing
10 - 2024 Supplemental
Dollars in Thousands

PL PR Dedicated Funding for POLARIS

The Department of Licensing (DOL) requests funding for system enhancements and other complex system changes for its Professional Online Licensing and Regulatory Information System (POLARIS). These changes will support agency initiatives to improve equity, accessibility, customer experience, business processes, and data security; and will allow the agency to comply with unanticipated mandates.

PL R5 REAL ID Workload & Public Awareness

Beginning May 7, 2025, individuals without a REAL ID-compliant document will not be able to board a domestic airline flight or enter a restricted federal facility. The Department of Licensing (DOL) requests funding for (1) a REAL ID public awareness campaign and (2) FTEs to manage anticipated workload increases within acceptable service delivery times. Significant disruption to individuals traveling, as well as to airports, will occur if Washington residents do not have necessary documents at that time.

Report Number: ABS024

Input Parameters	Entered as
Session	2024 Supplemental
Agency	240
Version Source	A
Version	10
Version Option	(None)
Program	Agency Level
Roll Up	N
Include Budget Level Detail	CL,ML,PL
Include Text	Y
For Word	N
Display Parameter Page	Y



Agency Recommendation Summary

The Department of Licensing requests funding to cover increasing costs to mail out vehicle licensing tab renewal notices and new vehicle titles.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenditures						
Fund 108 - 1	\$521	\$917	\$1,438	\$1,325	\$1,708	\$3,033
Total Expenditures	\$521	\$917	\$1,438	\$1,325	\$1,708	\$3,033

Decision Package Description

The Department of Licensing (DOL) requests funding to cover increasing costs of mailing vehicle tab renewal notices to meet the expectations of customers who have not signed up to receive reminders electronically and ensure stable and consistent revenue collection. DOL also requests funding in the package to cover increased costs of mailing vehicle titles. DOL has seen a steady increase in volume of vehicle tab renewal notices and costs have risen faster than the increased volume accounts for. Since costs have risen faster than the forecasted volumes DOL exhausts its allotments prior to the end of each biennium.

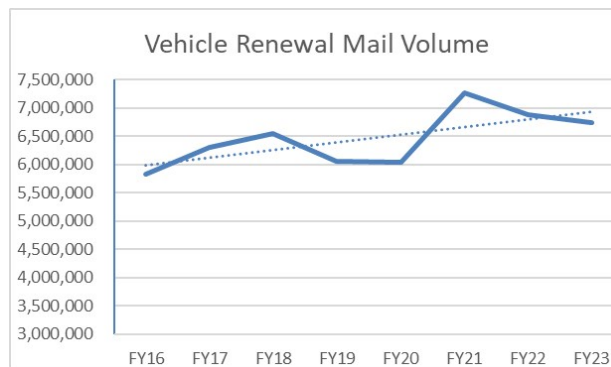
DOL has seen a steady increase in volume of vehicle tab renewal notices and costs have risen faster than the increased volume accounts for. Since costs have risen faster than the forecasted volumes DOL exhausts its allotments prior to the end of each biennium.

If additional funding is not received, DOL may need to reduce or eliminate the mailing of vehicle tab renewal notices which would have a negative impact on timely revenue collection.

DOL continues to see a relatively stable volume of Vehicle titles being mailed. However, mailing costs have increased resulting in the allotments for this mailing being exhausted as well.

Vehicle Tab Renewal Notice Mailing Data

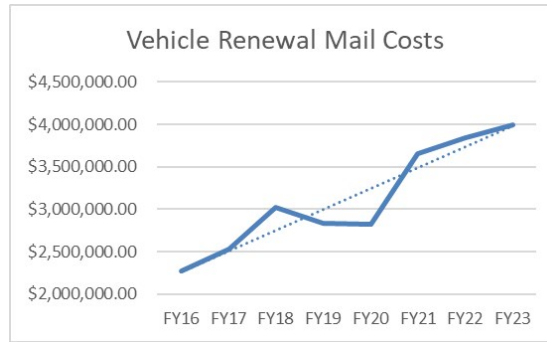
DOL has steadily increasing trend of vehicle tab renewal notices being mailed:



FY 16	5,833,064
FY 17	6,300,450
FY 18	6,552,659
FY 19	6,054,152
FY 20	6,043,230

FY 21	7,265,719
FY 22	6,876,375
FY 23	6,741,660

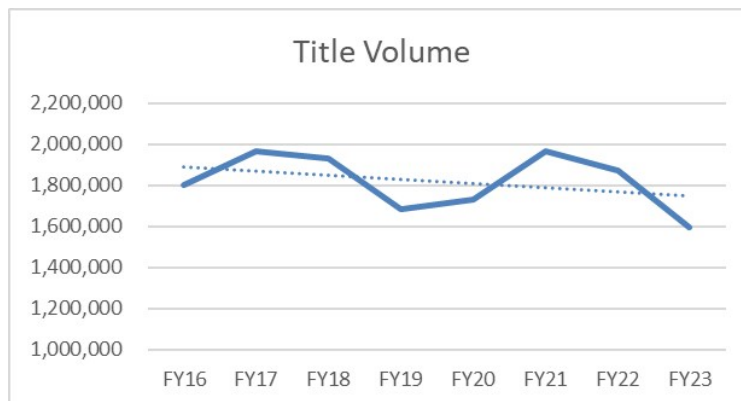
The costs for mailing the vehicle tab renewal notices increased faster than the volumes:



FY 16	\$ 2,267,906.46
FY 17	\$ 2,525,140.10
FY 18	\$ 3,018,984.52
FY 19	\$ 2,838,014.59
FY 20	\$ 2,816,903.06
FY 21	\$ 3,659,721.14
FY 22	\$ 3,841,345.74
FY 23	\$ 3,998,352.62

Vehicle Title Mailing Data

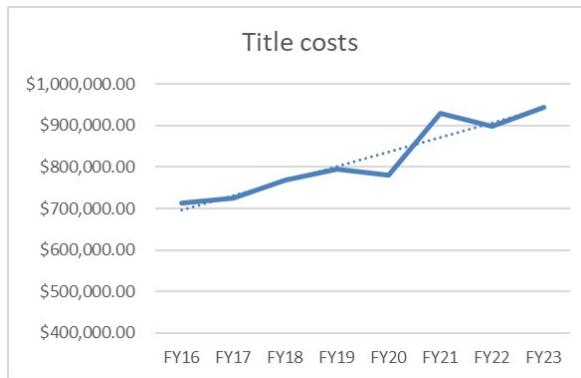
DOL continues to see a relatively stable volume of new titles being mailed. Forecasted increases place volumes at pre-pandemic levels by fy25:



FY 16	1,800,171
FY 17	1,964,461

FY 18	1,929,252
FY 19	1,682,484
FY 20	1,733,040
FY 21	1,968,428
FY 22	1,872,578
FY 23	1,593,942

Mailing costs have increased despite volumes decreasing last biennium:



FY16	\$ 712,310.33
FY 17	\$ 725,198.00
FY 18	\$ 767,526.30
FY 19	\$ 795,409.73
FY 20	\$ 780,681.75
FY 21	\$ 928,956.89
FY 22	\$ 897,388.95
FY 23	\$ 944,780.07

The ability for DOL to cover the increasing mailing costs for sending vehicle renewal notices and new titles has been challenging due to these factors:

1. Cost of postage has increased with recent increases being substantial:

4/10/2016	\$ 0.376	
1/22/2017	\$ 0.373	-0.8%
1/21/2018	\$ 0.378	1.3%
1/27/2019	\$ 0.383	1.3%
1/26/2020	\$ 0.389	1.5%

8/29/2021	\$ 0.426	9.5%
7/10/2022	\$ 0.455	6.4%
7/9/2023	\$ 0.498	9.4%

2. Increased mail processing costs at Consolidated Mail Services (CMS) have only been partially covered by funding provided to DOL in recent biennia:

Biennium ABS 91B	Total
19-23	\$99,000
21-23	\$-2,000

Note: There was no increase in Biennium 25 for Consolidated Mail Services.

DOL has utilized end of biennium funds comprised principally of vacancy savings to cover the shortfalls. This practice has not been sustainable due to the last two legislative sessions when there was a reduction in allotments due to vacancy savings sweeps.

DOL requested postage funding in the 2017-2019 Budget Submittal in the amount of \$1,277,000 that was funded, but a print and postage savings reduction of \$250,000 was implemented in the same biennium. A second request was submitted during the 2018 Supplemental budget process. That request was not funded.

DOL received \$3,140,000 in the 23-25 Legislative season. This amount was projected to cover the projected mailing costs for vehicle tabs and titles without any positive variance. The last DP only factored in a small percentage for postage increase. The recent postage increase on 7/9/23 exceeded predictions. This resulted in a projected shortfall requiring us to refactor the postage rate with this DP.

What is your proposal?

DOL requests increased spending authority which will provide the funding necessary to continue mailing out vehicle tab renewal notices and vehicle titles to customers.

What are you purchasing and how does it solve the problem?

With additional funding, DOL would be confident that Washington State drivers who choose the mailing option will continue to receive renewal notices for their vehicle tabs and new titles.

Renewal notice mailings often include inserts to communicate important information, such as;

- New driving laws, and
- Opportunities to donate bone marrow, for example.

If DOL stops mailing these inserts with renewal notices, funding would be needed to meet any new legal requirements for notifying drivers of changes and opportunities.

What alternatives did you explore and why was this option chosen?

1. Submit a Decision Package for the 2024 Legislative Session requesting additional funding to maintain the same level of service to DOL customers.
2. Switch to vehicle registration reminder postcards instead of letters to lower postage costs. Currently there is a pilot sending out postcards to 10,000 customers monthly.
3. Increase customer awareness and encourage the use of License eXpress which will reduce postage costs since they will receive an e-mail notice instead of a letter.
 1. **License eXpress** pre-fills the driver's personal information. This service saves time when the driver renews or uses other services within License eXpress. The services can quickly create a list of all the vehicles the driver owns and see at-a-glance when they're due for renewal. If the driver sells a vehicle, they can report it as sold and see when the new owner transfers the title into their name.
4. Stop mailing vehicle renewal notices to eliminate postage costs. This could result in:
 1. Reduced revenue.
 - This was experienced when the process of mailing vessel renewal notices was discontinued.
 2. Significant constituent complaints.
 3. Increased mailing costs due to the need for separate mail notifications regarding:
 - Changes in laws
 - Awareness of Bone Marrow and Organ Donor registration, State Parks donation, Discover Pass purchases, and other similar public awareness campaigns.
 4. An increase in expired tabs and the associated work for law enforcement to pull cars over.
 5. Less timely and accurate customer data in DOL systems that is needed by DOL and law enforcement

DOL has chosen option 1 to ensure sufficient funds in our budgetary allotments to meet the current and projected volume of renewal notices.

This option enables DOL to continue meeting constituent expectations and uphold confidence in government services, while continuing to encourage the use of online services.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

N/A

Detailed Assumptions and Calculations:

Renewal Tab postage

Fiscal Year	Allotment	Request	Expenditure
2024	3,669,600	577,829	4,247,429
2025	3,669,370	870,780	4,540,152
2026	3,669,370	1,189,340	4,858,710
2027	3,669,370	1,511,665	5,181,035

Request is based on forecasting data for the projected increase in Vehicle Registrations and incorporates an annual postage increase conservatively following current postage increase trends.

Title postage

Fiscal Year	Allotment	Request	Expenditure
2024	1,064,760	-	1,008,652
2025	1,064,475	46,236	1,110,711
2026	1,064,475	135,917	1,200,392
2027	1,064,475	197,200	1,261,675

Request is based on forecasting data for the projected increase in Vehicle titles and incorporates an annual postage increase conservatively following current annual postage increase trends.

For year 2024 in both Tab and Title Postage, the request will bring the allotment to projected expenditures including the postage increase from 7/9/2023. Years 2025 and forward projected expenditures are based on forecasted volumes utilizing the current postage rate for FY24 with a conservative postage increase of 3.5 cents per year.

Workforce Assumptions:

No additional FTEs are being requested.

Strategic and Performance Outcomes

Strategic Framework:

This decision package supports DOL's strategic goal that residents have equitable access to DOL's services. Continuing to provide Tab renewal notice letters through the mail ensures Washington State residents that do not receive electronic notifications continue to have equitable access to vital information regarding registration of their vehicles.

This decision package also aligns with the Governor's Goal 5: Efficient, Effective and Accountable Government, by ensuring that the Department of Licensing maintains an efficient and accessible service channel for millions of residents who must register vehicles.

Performance Outcomes:

This request for additional funding is to cover a budgetary shortfall and to meet rising volumes and costs without impacting other agency functions. DOL will continue to monitor the number of renewals by service channel monthly.

With the additional funding, DOL will maintain the number of renewals by service channel by fiscal year into FY 23, 24 and beyond.

Measure Title	FY22	FY23
Vehicle Registration Renewals Total	8,502,718	8,158,340
Notices Sent by Mail	6,876,375	6,741,660

Equity Impacts

Community outreach and engagement:

DOL conducted broad outreach to support the entirety of its proposals for the 2024 Supplement Budget. This outreach included significant interaction with impacted stakeholders and DOL’s PEAR Team. In total, DOL’s full proposal has strong equity considerations that will be further discussed in other decision packages. However, this specific decision package stems entirely in requesting additional postage to cover the increasing costs to mail out vehicle licensing tab renewal notices and new vehicle titles.

Disproportional Impact Considerations:

N/A

Target Populations or Communities:

DOL’s mailing of vehicle licensing tab renewals notices support every Washington resident by ensuring efficient and effective delivery of these items for those who do not have access to the internet or have the ability to use DOL's online services. Disruption or failure of the receiving a tab renewal could create access barriers to services and result in a cycle of adversity, which will contribute to disadvantages in many regional and remote communities.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

N/A

Stakeholder Response:

N/A

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

HEAL Act Agencies Supplemental Questions

N/A

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. E	\$521	\$917	\$1,438	\$1,325	\$1,708	\$3,033

Agency Contact Information

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 collin.ashley@dol.wa.gov



Agency Recommendation Summary

This decision package encompasses three technical corrections. The operating budget bill, ESSB 5187 Section 401 (7) and (9), identify incorrect accounts relative to the restrictions on use for the accounts. SSB 5399 was enacted without associated expenditure authority and FTE being granted for the requirements, work has begun in state fiscal year 2024.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	1.0	0.0	0.5	0.0	0.0	0.0
Operating Expenditures						
Fund 026 - 1	(\$57)	(\$77)	(\$134)	\$0	\$0	\$0
Fund 06G - 1	\$206	\$77	\$283	\$0	\$0	\$0
Total Expenditures	\$149	\$0	\$149	\$0	\$0	\$0

Decision Package Description

Requirements for EHB 1797 were funded in ESSB 5187 Section 401 (9) with a provision in the Real Estate Commission Account – State (Fund: 026), Expenditure Authority Index (EAI) AV0 for \$308,000. The appropriate account should have been the Real Estate Appraiser Commission Account – State (Fund: 06G).

Requirements for SB 5191 were funded in ESSB 5187 Section 401 (7) with a provision in the Real Estate Appraiser Commission Account – State (Fund: 06G), with Expenditure Authority Index AT0 for \$25,000. The appropriate account should have been the Real Estate Commission Account – State (Fund: 026).

SSB 5399 was enacted with requirements for Department of Licensing (DOL). DOL has begun this work and requires the associated expenditure authority and FTE for this work identified in the fiscal note. The most recent approved fiscal note is attached identifying the need for \$149,000 more in authority in the Real Estate Commission Account – State (Fund: 026) and 1.0 FTE in fiscal year 2024.

This table summarizes the changes requested:

Expenditure Authority Change Requested				
Bill	EAI	Fund 026	Fund 06G	Net
EHB 1797	AV0	(308,000)	308,000	-
SB 5191	AT0	25,000	(25,000)	-
SSB 5399	Requesting	149,000	-	149,000
Total Change:		(134,000)	283,000	149,000

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

All corrections are for newly enacted legislation.

Detailed Assumptions and Calculations:

Transfers of authority related to EHB 1797 and SB 5191 are correcting the total authority from the improper account to the proper account.

Authority requested for SSB 5399 matches approved fiscal note attached without modification totaling \$149,000.

These changes result in a request for reducing authority for the Real Estate Commission Account – State (Fund: 026) by \$134,000 and increasing authority for the Real Estate Appraiser Commission Account – State (Fund: 06G) by \$283,000.

Workforce Assumptions:

1.0 FTE Management Analyst 3 in fiscal year 2024 matches approved fiscal note attached without modification for SSB 5399. This temp FTE is needed to complete this work through 7/30/2024.

Strategic and Performance Outcomes

Strategic Framework:

This addresses the Governor’s Results Washington Goal of Efficient, Effective, and Accountable Government by correcting errors.

This package supports the agency’s strategic plan by properly charging expenditures to the account whose revenue funds requirements. This directly effects our ability to earn trust through our actions as stated in our values statements.

All three corrections impact Professions Licensing, Regulation, and Records netting out to \$149,000 more of expenditures in support of this activity.

Performance Outcomes:

Performance outcomes for the two accounts misidentified in provisos are currently underway assuming correction will be approved. Without approval the general authority for the proper accounts must be used to fund requirements from EHB 1797 and SB 5191. There could be other impacts to operations in the second year of the biennium without the expenditure authority to complete all required activities in accounts. Corresponding cuts have not been identified assuming this correction will be approved.

If additional authority is not granted for SSB 5399 there could be other impacts to operations in the second year of the biennium without the expenditure authority to complete all required activities. Corresponding cuts have not been identified assuming this correction will be approved.

Equity Impacts

Community outreach and engagement:

DOL conducted broad outreach to support the entirety of its proposals for the 2024 Supplement Budget. This outreach included significant interaction with impacted stakeholders and DOL's PEAR Team. In total, DOL's full proposal has strong equity considerations that will be further discussed in other decision packages. However, this specific decision package stems entirely from technical corrections and does not lend to a high level of equity stakeholder interaction.

Disproportional Impact Considerations:

N/A

Target Populations or Communities:

The Department of Licensing provides customer services to more than six million Washingtonians annually representing every demographic group in every geographic region in our state. The mission of DOL to help every Washington resident to live, work, drive, and thrive addresses multiple social determinants of equity including transportation and mobility, community and public safety, equity in jobs, and equity in government services. These technical corrections help us continue to conduct our mission while building trust with all professional partners for whose license and fee revenue we administer.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

N/A

Stakeholder Response:

N/A

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

HEAL Act Agencies Supplemental Questions

N/A

Reference Documents

[5399 Fiscal Note.pdf](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$72	\$0	\$72	\$0	\$0	\$0
Obj. B	\$27	\$0	\$27	\$0	\$0	\$0
Obj. E	\$43	\$0	\$43	\$0	\$0	\$0
Obj. J	\$7	\$0	\$7	\$0	\$0	\$0

Agency Contact Information

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Multiple Agency Fiscal Note Summary

Bill Number: 5399 S SB AMH CPB H1739.1	Title: Future listing contracts
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	149,000	0	0	0	0	0	0
Total \$	0	0	149,000	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	.5	0	0	149,000	.0	0	0	0	.0	0	0	0
Total \$	0.5	0	0	149,000	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Revised 4/13/2023
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Judicial Impact Fiscal Note

Bill Number: 5399 S SB AMH CPB H1739.1	Title: Future listing contracts	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 03/27/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 03/28/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 03/28/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 04/03/2023

186,859.00

Request # 260-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The proposed amendment to the substitute bill would not have any fiscal impact to the Administrative Office of the Courts or the courts

The bill would create a new chapter in RCW 61 relating to future listing right purchase contracts.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact expected to the Administrative Office of the Courts or the courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

None

186,859.00

Form FN (Rev 1/00)

Individual State Agency Fiscal Note

Bill Number: 5399 S SB AMH CPB H1739.1	Title: Future listing contracts	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 03/27/2023
Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 04/03/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 04/03/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/03/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The AGO Consumer Protection Division (CPR) has reviewed this bill and determined it will not significantly increase or decrease the division's workload. CPR would be able to monitor and enforce requirements set by this bill without needing additional resources. This is because the scope of the bill is narrow and the bill clearly and conspicuously lays out the requirements for future listing right purchase contracts. As a result, CPR expects that industry will be able to come into compliance quickly. CPR assumes any legal assistance that may result from the enforcement action would be nominal. Therefore, costs are not included in this request.

The AGO Solicitor General's Office (SGO) has reviewed this bill and determined it will not significantly increase or decrease the division's workload. Therefore, costs are not included in this request.

The AGO Licensing & Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Licensing (DOL). The real estate commission is an advisory commission under the direction of DOL where the workgroup would be established. Establishment of the work group may require legal advice in the process of creating their legislative report. However, LAL assumes such advice would require minimal legal assistance. New legal services are nominal and costs are not included in this request.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 5399 S SB AMH CPB H1739.1	Title: Future listing contracts	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Real Estate Commission Account-State 026-1	149,000		149,000		
Total \$	149,000		149,000		

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	0.0	0.5	0.0	0.0
Account					
Real Estate Commission Account-State 026-1	149,000	0	149,000	0	0
Total \$	149,000	0	149,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 03/27/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 04/13/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 04/13/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Please see attached fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
026-1	Real Estate Commission Account	State	149,000	0	149,000	0	0
Total \$			149,000	0	149,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0		0.5		
A-Salaries and Wages	72,000		72,000		
B-Employee Benefits	27,000		27,000		
C-Professional Service Contracts					
E-Goods and Other Services	43,000		43,000		
G-Travel					
J-Capital Outlays	7,000		7,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	149,000	0	149,000	0	0

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Management Analyst 3	71,520	1.0		0.5		
Total FTEs		1.0		0.5		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SSB 5399 CPB Bill Title: Providing for future listing right purchase contracts
H1739.1 Rev 1

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	149,000	-	149,000	-	-
Account Totals		149,000	-	149,000	-	-

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		1.0	-	0.5	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	149,000	-	149,000	-	-
Account Totals		149,000	-	149,000	-	-

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Steven Puvogel	Phone: (360) 701-6459	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 3/29/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	5399 SSB Rev 1

Part 2 – Explanation

The House Consumer Protection & Business committee amendment; SSB 5399 CPB H1739.1, makes the following changes:

- Changes the definition of “future listing right purchase contract” to mean a contract that grants an exclusive right to list residential real estate for sale in the future
- Changes the maximum duration for a future listing right purchase contract from 2 years to 5 years
- Prohibits future listing right purchase contracts from being used as a lien against real property
- Requires the WA Real Estate Commission to create a workgroup to examine practices used by real estate brokerage companies to market/establish/enforce future listing right purchase contracts (report due to the legislature by 12/1/2024)

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Legislative implementation will require one Management Analyst 3 for 12 months starting July 1, 2023, through June 30, 2024. This position will conduct reviews and analysis of future listing right purchase contracts. They will coordinate a work group with the affected real estate commission in addition to other stakeholder groups to compile the findings and recommendations of this work group into a report to present to the legislature.

2.B - Cash receipts Impact

To implement this legislation, a one-time assessment would need to be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2024, with any fee proposed increases to go into effect in June 2024.

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	149,000	-	149,000	-	-
Account Totals		149,000	-	149,000	-	-

2.C – Expenditures

In addition to the MA3 listed above, there will be support services required.

Support Services:

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	149,000	-	149,000	-	-
Account Totals		149,000	-	149,000	-	-

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	1.0	0.0	0.5	0.0	0.0
Salaries and Wages	72,000	-	72,000	-	-
Employee Benefits	27,000	-	27,000	-	-
Goods and Services	43,000	-	43,000	-	-
Equipment	7,000	-	7,000	-	-
Total By Object Type	149,000	-	149,000	-	-

3.C – FTE Detail

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Management Analyst 3	71,520	1.0	0.0	0.5	0.0	0.0
Total FTE		1.0	0.0	0.5	0.0	0.0

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.



Department of Licensing
 2023-25 First Supplemental Budget Session
 Maintenance Level - F6 - Licensing Service Office Relocation

Agency Recommendation Summary

The Department of Licensing (DOL) requests \$4,092,000 in one-time costs to relocate two Licensing Service Offices (LSOs). The LSO relocations are identified in the 2024-2029 Agency Desired Six-Year Facilities Plan submitted to the Office of Financial Management (OFM). This request for LSO relocations responds to operational and emergent facility needs that accommodate increasing populations, which affect workload volumes due to increased demand for driver licensing and identocard services. DOL is requesting additional funding for the Renton LSO relocation that was funded in 23-25 biennium as well as funding for the West Seattle LSO that was funded in 21-23 but not completed.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Operating Expenditures						
Fund 106 - 1	\$2,180	\$1,912	\$4,092	\$0	\$0	\$0
Total Expenditures	\$2,180	\$1,912	\$4,092	\$0	\$0	\$0

Decision Package Description

DOL is requesting one-time funding for costs to relocate two Licensing Services Offices (LSOs) in the 23-25 biennium. DOL received funding in the 21-23 biennium for the West Seattle relocation, however, that project did not progress as planned and the funding lapsed. The Renton relocation did receive funding in the 23-25 biennium, but the estimate has increased due to current economic conditions.

- Locate offices in appropriate geographical regions to support increasing population, while helping to balance driver licensing services workload volumes.
- Provide right-sized facilities with sites that provide adequate parking, driver testing, electric vehicle charging capabilities and access to public transportation to support the business needs of customers, the agency, and the state.
- Provide efficient office layouts to support staff workflows and customer support while decreasing wait times.
- Create flexible and modern work environments for staff that reflect DOL’s branding and current quality standards of furnishings, energy efficient appliances and safety provisions, to provide customer accessibility. Inclusive space planning will include multipurpose workspaces that are ADA compliant, adjustable, ergonomic, and benefit both staff and customers.

If not funded, DOL will have insufficient space to adequately address required in person customer service needs due to population growth and changing population geographic densities. This would cause customer dissatisfaction, increase wait times, and increase the workload to surrounding licensing service offices.

To meet operational and facility needs consistent with OFM’s six-year plan goals, DOL is requesting additional funding for the relocation of the Renton LSO and the West Seattle LSO. Both relocations are considered an emergent need due to ongoing building maintenance issues and the building owner having alternate plans for the building. Ultimately, both locations will be better situated to the population growth areas. Both projects have been approved by OFM through the modified pre-design process.

Improved space design will address the following:

Legislative mandates.

- Accessibility and Executive Order 16-07 for a Modern Work Environment, including adjustable and ergonomic customer service counters.
- Shared work areas and combined-use rooms, designed to provide proper social distancing requirements and increased efficiency.
- Right-sized testing areas (2012 legislation removed most knowledge and drive testing from LSOs).
- The number of service counters will reflect population growth and projections as well as social distancing guidelines.
- Executive Order 21-04, Zero Emission Vehicles will be supported by siting EV charging stations at each new LSO.
- Access to public transportation and adequate parking for customer volumes.

23-25 Biennium - Renton Emergency Relocation: DOL received \$715,900 for this project in 23-25 biennium but the actual costs are going to be higher due to current market and economic conditions. The estimate for the new location is \$2.26 million, a difference of \$1.54 million. This project relocates the current office to better meet demographic growth needs for this part of King County. This relocation is an emergent issue,

the office has been closed due to mold that could not be remediated to state health and safety requirements.

- A facility that is right sized to meet current staff and customer needs by incorporating additional service counters and efficiently planned supporting spaces.
- Improve parking to meet customer volumes. In our current location, the nearby businesses regularly complain about the overflow into their parking areas.
- Electric vehicle charging station additions to meet current vehicle emissions reduction initiatives.
- Provide a healthy office space to our customers and staff.
- Improved access to public transportation and adequate parking for customer volumes

23-25 Biennium - West Seattle Relocation: In 21-23 biennium, DOL received \$695,000 for this project. This funding was not used in 21-23 due to DOL not being able to secure a new location and new lease. DOL has now secured a location for the West Seattle LSO and the estimate for this project is \$1.78 million, this amount has been approved by OFM Facilities. This LSO provides service to west King County. In early 2020, the building owner notified DOL of other plans for the property and that they would only extend our lease for 30-months. DOL immediately filed paperwork with OFM and received approval to proceed with the relocation. Now that a new location has been secured, this project is moving forward starting July 1st, 2023, and will be complete by May 2024.

The new facility will address the following:

A facility that is right sized to meet current staff and customer needs by incorporating additional service counters and efficiently planned supporting spaces.

- Locate the office to the south of our current location to better serve the West King County area reflecting population growth projections.
- Improve access to public transportation and adequate parking for customer volumes.
- Install electric vehicle charging stations to meet current vehicle emissions reduction initiatives.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

What are you purchasing and how does it solve the problem?

Each of the office relocations will solve the following:

- Provide more centrally located offices in support of increased population and shifting geographic density.
- Provide right-sized facilities with the most fiscally conservative and energy efficient footprints, to include adequate parking, and access to public transportation.
- Provide office layouts to support implementation of workplace strategies for efficient customer workflows and address social distancing requirements.
- Create modern work environments that benefit customers and staff by incorporating adjustable and ergonomic workspaces.

If not funded, or only partially funded, demand for in-office services will exceed capacity.

What alternatives did you explore and why was this option chosen?

- Alternative 1: Do nothing - This option does not maintain DOL’s ability to efficiently serve customers.
- Alternative 2: Relocate LSOs - DOL considers co-locations when working with OFM and Department of Enterprise Services as part of the market search process. This option aligns with six-year facilities planning goals and proactively responds to DOL’s strategic and operational needs by addressing the following: population growth, changes in population geographic density, parking limitations, efficient customer workflows, office ergonomics, health and safety, accessibility issues, and general space restrictions to include social distancing requirements.

Detailed Assumptions and Calculations:

At current base funded levels, DOL is unable to pay for one-time project costs to relocate the offices described in this request.

The table below represents one-time project costs specific to each licensing service office and identifies the fiscal year for each relocation. Based on the relocation process timing, West Seattle will be completed in FY24, and Renton will be completed in FY25.

Expenditure Type									
	DES Fees	Tenant Improvement	IT Infrastructure	New Furniture	Moving/Supplies	Building SecurityAccess	23-25 Funding Received	Project Request	2024 Supplemental Request
FY2024									
West Seattle	\$ 55,000	\$ 1,306,039	\$ 65,000	\$ 264,500	\$ 5,600	\$ 60,000		\$ 1,756,139	
FY24 Total:	\$ 55,000	\$ 1,306,039	\$ 65,000	\$ 264,500	\$ 5,600	\$ 60,000			
FY 2025									
Renton	\$ 55,000	\$ 1,800,000	\$ 65,000	\$ 264,500	\$ 11,900	\$ 60,000	\$ 715,900	\$ 1,540,500	
FY25 Total:	\$ 55,000	\$ 1,800,000	\$ 65,000	\$ 264,500	\$ 11,900	\$ 60,000			\$ 3,296,639

Workforce Assumptions:

There are no FTEs associated with this request

Strategic and Performance Outcomes

Strategic Framework:

Relocation and new space designs of sites requested above align directly with DOL's number one Strategic Goal to provide "Easy and equitable access to great service", and to our very purpose of "Helping every Washington resident live, work, drive, and thrive". This also aligns well with the Governor's priority for "Efficient, effective, and accountable government" and interest in measures of customer satisfaction.

The need to relocate these sites is partially driven by demographic data reflecting population growth and shifting geographic density in these communities. Additionally, providing better access to public transportation and parking, improves DOL's ability to provide equitable access to necessary in person services.

Performance Outcomes:

Sustaining all 52 LSOs allows DOL to manage the increasing level of service demand at or near current performance levels. The LSOs served 1.7 million customers during fiscal year 2023. Ninety-five percent of customers were served timely (service completed within 45 minutes of arrival), and 2% abandoned their place in line before being served. However, DOL estimates customer volumes will increase during fiscal year 2025 due to increased transactions for Washington enhanced driver licenses and ID cards, which must be completed in person at an LSO. A rise in customer volumes historically results in longer wait times for service and fewer customers served timely.

Equity Impacts

Community outreach and engagement:

The Governor's executive order 2204 on ProEquity and AntiRacism government guides DOL's fiscal and budget policy decisions. While developing this budget request, DOL considered the following important aspects:

1. Who stands to benefit from this proposal or allocation of resources and what groups have historically been harmed from their exclusion?
2. How do we engage the communities to make sure gaps in experiences and resource allocation have been captured?
3. Who continues to be excluded and what steps could be taken to rectify that?

Disproportional Impact Considerations:

Equitable access to licensing reduces the barriers leading to transport disadvantage, subsequently increasing access to essential services, employment, education, and social opportunities. Transport disadvantage is directly related to reduced healthcare opportunities and unsafe road behaviors, such as driving unlicensed, unsafe, and overcrowded vehicles, which increases the risk of injury. Proper and continuous operations of the department's systems (services) decrease the risk of failure of these critical systems and ensures equitable access to licensing services that are inclusive, responsive to business and individual needs of all citizens of the State of Washington and are accessible to regional and remote communities. DOL will also take steps to ensure that improvements to services do not accidentally increase disparities in access. When making improvements that are not specifically designed to improve service for residents with disabilities, the agency will ensure that current accessibility is maintained or improved for persons using adaptive technologies or similar support resources.

Target Populations or Communities:

DOL's systems support every WA resident by ensuring efficient and effective delivery of licensing and identification services. Disruption or failure of DOL's systems can create access barriers to services and result in a cycle of adversity, which will contribute to disadvantages in many regional and remote communities. For example, disruption of drivers and vehicle systems, vehicle licensing offices, driver licensing offices, or professional licenses system will result in barriers to equitable participation in licensing, and consequently will create a cyclical relationship between low rates of license participation, transport disadvantages, increased risk of injury, and increased risk of contact with the justice system. Experiencing difficulties or inability obtaining a Washington State Identification Card is highly prohibitive to accessing employment, education, and housing; it is fundamental to equity and social inclusion. Interrupted or delayed licensing services leads to disruption of business operations and license disqualification and sanctions, which will have a ripple effect on the most vulnerable families who already have reduced options for transport, and thereby reduced access to employment and essential services. This further marginalizes those experiencing financial hardship.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

N/A

Stakeholder Response:

These relocations will support improved customer service in their specific region or county. Relocated offices will support increased workload volumes of driver transactions due to population growth, shifting population and geographic density, as well as workplace efficiency strategies.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

Executive Order 16-07: Building a modern work environment.
 Executive Order 18-01: State efficiency and environmental performance.

HEAL Act Agencies Supplemental Questions

N/A

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. E	\$1,909	\$1,786	\$3,695	\$0	\$0	\$0
Obj. J	\$271	\$126	\$397	\$0	\$0	\$0

Agency Contact Information

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Agency Recommendation Summary

Beginning May 7, 2025, individuals without a REAL ID-compliant document will not be able to board a domestic airline flight or enter a restricted federal facility. The Department of Licensing (DOL) requests funding for (1) a REAL ID public awareness campaign and (2) FTEs to manage anticipated workload increases within acceptable service delivery times. Significant disruptions to individuals traveling, as well as to airports, will occur if Washington residents do not have necessary documents at that time.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	0.0	6.0	3.0	24.4	30.5	27.45
Operating Expenditures						
Fund 106 - 1	\$0	\$2,250	\$2,250	\$3,050	\$3,812	\$6,862
Total Expenditures	\$0	\$2,250	\$2,250	\$3,050	\$3,812	\$6,862

Decision Package Description

1. Public Awareness

DOL is requesting funds to reintroduce a broad media campaign in 2024 and 2025. The funding will be divided between a contracted advertising push across multiple media sources and an outreach initiative led by community non-profit organizations. Building on prior work—as will be described below, the REAL ID implementation deadline has changed several times—the campaign will target all DOL customers, paying special attention to historically marginalized groups and individuals who prefer to communicate in languages other than English.

REAL ID Background

The federal REAL ID Act, passed in 2005, states that federal agencies can accept state-issued driver licenses or ID cards to board domestic flights or enter federal restricted facilities only if those documents meet certain requirements. Washington’s only state-issued REAL ID-compliant documents are our Enhanced Driver License and Enhanced ID Card (EDL/EID). In addition to an EDL/EID, REAL ID-compliant documents include a U.S. or foreign passport, a U.S. military ID, and a permanent resident card (green card). Washington first began issuing EDLs/EIDs in 2007, in part to help residents planning to travel to Vancouver, British Columbia, for the 2010 Olympic Games.

The original REAL ID Act enforcement date was January 2018. It was extended to October 2020 to allow states additional time to prepare, and then extended three more times: October 2021, May 2023, and May 2025 – the last two due to COVID-19. The current Department of Homeland Security REAL ID enforcement date is May 7, 2025. Beginning on that date, individuals without a REAL ID-compliant document will not be able to board a domestic flight or enter a restricted federal facility.

DOL saw the volume of EDL/EID applications double 12 months ahead of the October 2020 enforcement date, which coincided with marketing campaigns by DOL, federal agencies, and the travel industry. Since the onset of the pandemic in March 2020 and the corresponding travel restrictions, EDL/EID application levels declined and have remained relatively flat. Now that domestic airline travel has rebounded and exceeded pre-pandemic volumes, it is imperative that Washington residents be aware of their options and have a REAL ID-compliant document if they plan to fly domestically on and after May 7, 2025. It is also imperative that DOL’s Licensing Services Offices (LSO) have sufficient staff to serve residents who apply for an EDL/EID as their chosen REAL ID-compliant document.

The REAL ID Act will have a particularly sizable impact on Washington for several reasons:

Restricted federal facilities include military bases, nuclear power plants, and areas of federal buildings where one currently must show ID and pass security.

- Washington citizens and non-citizens alike hold fewer state-issued REAL ID-compliant documents than other states. Washington is one of five states that issue EDLs/EIDs, and we are the only state that uses them as our sole state-issued REAL ID-compliant document. Several states have made all their state ID documents REAL ID-compliant because they require proof of U.S. legal presence. Washington does not.
- As of June 30, 2023, 78 percent of Washington license and ID card holders did not have an EDL/EID.
- At least 500,000 of Washington’s more than 1,100,000 immigrants are not naturalized. These individuals, whether lawful permanent residents, asylees, or unauthorized immigrants, cannot obtain an EDL or EID. These individuals instead must rely on their foreign passport, green card, or other REAL ID-compliant immigration documents.

- Washington is a port state. DOL estimates that about 110,000 people board domestic flights at SeaTac International Airport or Spokane International Airport, daily.
- Washington has the 13th highest population in the nation.

Precise numbers of Washington residents who possess federally issued compliant documents are unavailable. We estimate that, as of May 2023, between 50 and 70 percent of Washington residents possess a document required for air travel. Although a significant percentage, the remainder, as many as three million people, currently do not possess a REAL ID-compliant document.

The federal Department of Homeland Security oversees the REAL ID program. Underscoring the urgency of the issue, DHS Secretary Anthony Mayorkas sent a letter to Gov. Jay Inslee in August 2023. Secretary Mayorkas wrote, “most Washington State residents are not well positioned for the full enforcement of REAL ID.” The letter outlined specific actions Washington should take, including reminding residents of the deadline, referring them to the list of REAL ID-compliant documents, and making it clear that access to federal facilities also requires a REAL ID-compliant document.

DOL is structuring its proposal to address the general issues described above and the following DOL-specific considerations:

- Increase of customers to DOL offices must be steady.** Having more Washington residents acquire EDLs/EIDs must occur steadily, so DOL’s licensing offices are not overburdened by a rush of customers in spring 2025. An early and robust messaging campaign will spread the demand over a greater timeframe.
- DOL does not have the capacity to create a large-scale public awareness campaign on its own.** The scope of the campaign requires greater capacity and a greater budget than the agency has. Because of the number of people without EDLs/EIDs, and because DOL does not have the internal resources to create the needed comprehensive campaign, contracting with an outside company is the only viable solution. In addition, an established public relations firm has media contacts DOL does not.
- Continuing with our public relations contractor is the most efficient and cost-saving option.** The created content from DOL’s previous contractor, PRR, Inc., is foundational and can be easily built upon. A different firm would require a new foundation, which would take extra time to create. It may also lead to confusion by customers who have already seen previous campaign materials.

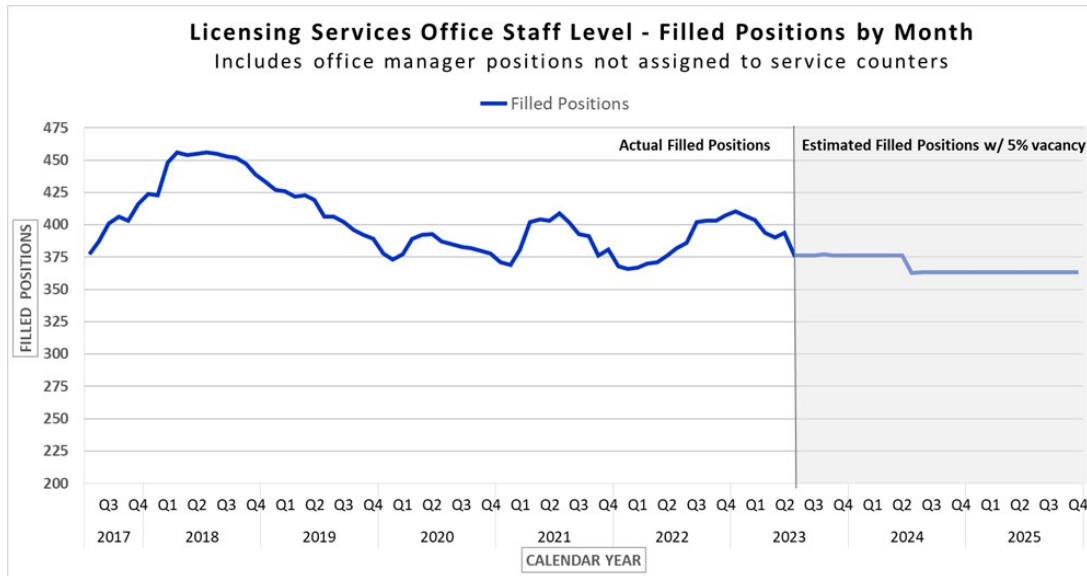
1. Licensing Services Office Workload

In addition to the public awareness campaign, DOL proposes to increase staff levels in licensing services offices (LSOs) to accommodate anticipated increases in demand for Washington’s enhanced driver license and enhanced identification documents.

DOL received proviso funding in the 2017, 2019, 2021 and 2023 transportation budgets for Full Time Equivalents (FTEs), card manufacturing, technology improvements, and public awareness to meet the challenges of REAL ID. Since 2017, proviso funding has been reduced several times to align with lower than anticipated EDL/EID workloads resulting from four extensions of the REAL ID Act enforcement.

The department’s 2023-2025 biennial budget for EDL/EID workload was reduced by \$7.1 million and 35 FTEs (biennial average): 28 FTEs in FY 2024 and 42 FTEs in FY 2025. The LSOs will meet the challenge of REAL ID enforcement in May 2025 and the wave of license renewals beginning March 2026 with the lowest staff level since 2016. Figure 1 below shows the actual LSO positions filled by month from July 2017 through June 2023 compared to estimated positions filled July 2023 through June 2025. In future months, a historical average five percent vacancy rate was applied.

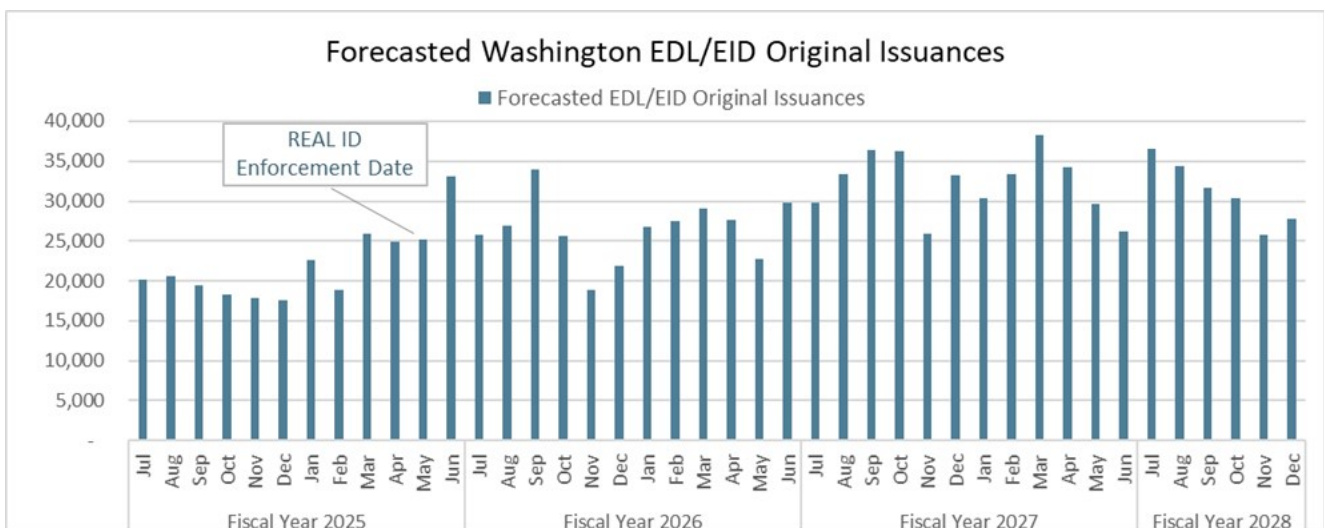
Figure 1 Licensing Services Office Filled Positions



An original EDL/EID application impacts LSO workload by taking approximately 5 minutes longer to issue than a standard driver license and identification card and can only be obtained in person at an LSO. Historically, about 42 percent of original EDL/EID applications occurred outside of the customer’s normal renewal timeframe. These customers likely made a special trip to obtain their first EDL/EID.

DOL expects EDL/EID demand will begin to rise above current levels beginning March 2025. Figure 2 below shows the forecasted demand for original EDL/EID by month from July 2024 through December 2027.

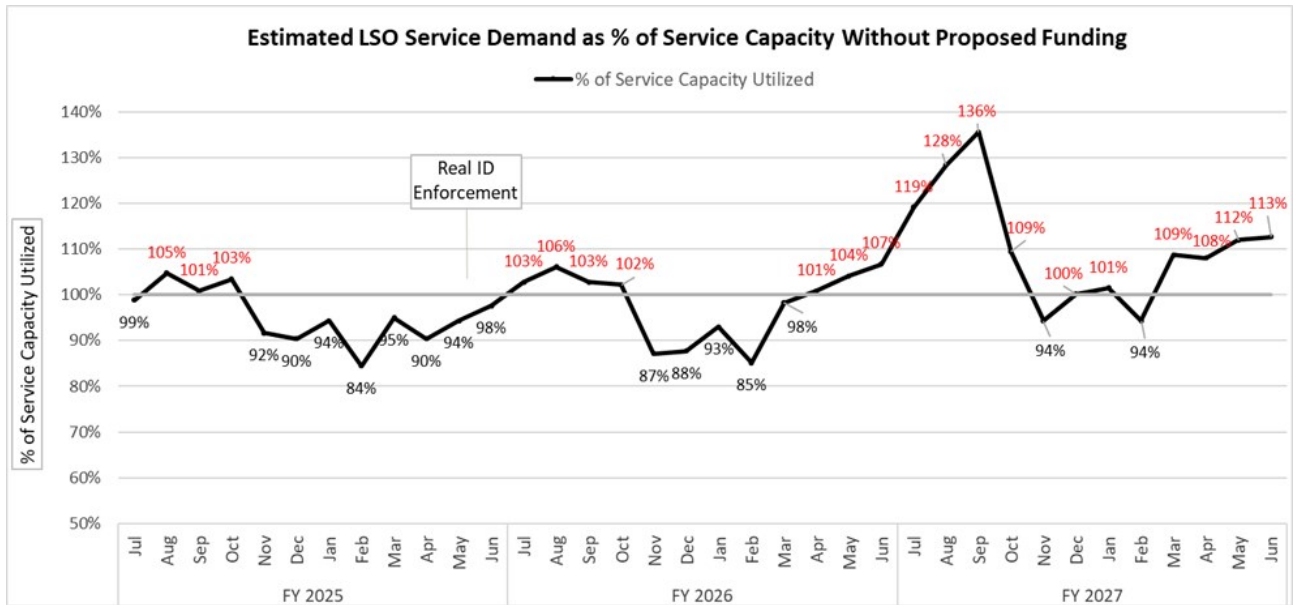
Figure 2 Forecast of EDL/EID Original Issuances



Additionally, there is a wave of customers coming into LSOs for license renewal in 2026 and 2027 at the same time as REAL ID workload volumes. These customers’ most recent photograph on file is older than 10 years, the statutory limit, requiring them to have a new photograph taken. The renewal volume is a remaining impact of our transition from a 5-year to a 6-year renewal cycle beginning in 2014, and the extensions and online renewal waivers utilized during the COVID-19 pandemic to help Washingtonians stay home and stay healthy.

DOL’s Research and Analysis Office utilized revenue forecast data and employed statistical analysis to project LSO workload during fiscal years 2025 through 2027. The projected workload exceeds LSO service capacity during the summer of 2024 and 2025, and again from March 2026 through December 2027. Figure 3 shows the estimated LSO service demand as a percentage of service capacity.

Figure 3 Estimated LSO Service Capacity Utilization



Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

1. Public Awareness

DOL has led robust REAL ID campaigns since 2018, using the public relations firm PRR. To date, the Legislature has authorized a total of about \$3.1 million on the campaigns, with about \$1.7 million for media buys. Additionally, DOL provides information about REAL ID-compliant document options and the upcoming enforcement date on:

- Vehicle and driver license renewal notices
- Agency website (dol.wa.gov)
- ID2025 website (Realidwa.gov) in the nine most common languages spoken in Washington
- Digital and printed materials, such as:
 - Brand and creative asset updates
 - Website updates
 - Video production/updates (television/web ads)
 - Social content, boosted posts and graphics
 - Airport partner outreach and public relations
 - Multicultural strategies, including ethnic media buys

While the campaign generally will apply to all audiences, with particular attention to those in underserved communities, it also will target two specific demographics: (1) young people traveling for the first time, and (2) new “empty nesters” who wish to visit children and/or grandchildren.

The proposed timeline for the campaign is summer-fall 2024 and spring 2025. Advertising costs in winter 2024 will be prohibitive; in addition, given a national election and holidays, messaging during that time will more than likely be ineffective.

1. Licensing Services Office Workload

DOL proposes increasing LSO staffing levels in fiscal year 2025 to accommodate customer demand for EDLs/EIDs resulting from the May 7, 2025, REAL ID enforcement date. Nine staff would be hired and begin training in November 2024, six months prior to REAL ID enforcement. To minimize the increase in FTEs requested, DOL has also introduced several efficiency measures, although the measures do not wholly eliminate the need for new staff.

DOL’s proposal reflects specific staffing efficiencies and requirements. By way of background, ramping up staff levels is a 6-month process; from recruitment until staff can efficiently process all types of transactions. New hires are trained through a combination of in-person courses at a DOL training center and practical skills application in an LSO through a shadow/mentor program. Once new hires gain

competence in simple transactions, they begin federally prescribed education to achieve the certification required to issue original EDLs/EIDs. On average, new hires are trained to process simple customer transactions in one month and complex transactions, such as original EDL/EID and commercial driver licenses, in five months.

In addition, it is most effective to hire and train new staff during winter months when customer volumes typically are at their lowest level. New hires shadow and are mentored by experienced staff during their training period, which reduces the service capacity of experienced staff.

DOL took advance action to become more efficient and minimize the impact of the predicted workload before requesting additional funds. Below are examples of the actions taken.

- DOL utilized employee innovations and lean principles to develop new customer workflow in the offices and modify the EDL/EID transaction process, thereby lowering transaction times by nearly 3 minutes.
- DOL redirected telephone calls into most LSOs to the agency's customer contact center, which freed up LSO staff time to serve additional in-person customers.
- DOL installed cameras at each service counter in the busiest 36 LSOs which reduced the time customers spend in the offices by 3 minutes. Prior to installing a camera at each service counter, customers would complete their transaction at one service counter and wait to be called to a dedicated camera station where a photograph was taken.
- DOL developed an application to schedule appointments for in-person service. A third of all LSO customers schedule an appointment. Appointments balance LSO workload throughout the day and help lower wait times.
- DOL funded a new LSO lobby management system, installed in spring 2023, to maximize the efficiency of our new hybrid service model of appointments and walk-in service.
- During the pandemic, DOL created a new service pathway to renew and replace driver licenses, identification cards, and permits over the phone with the agency's customer contact center.
- DOL-proposed legislation was enacted during the 2022 legislative session that provides customers the option of a six- or eight-year term on a driver license and ID card. More than half of customers are choosing an eight-year term which results in less frequent visits to the LSO to renew their driver license or ID card beginning in calendar year 2029.

How is your proposal impacting equity in the state?

Outreach to underserved communities is a key component of this decision package. DOL will build on the data and previous outreach done in earlier public awareness campaigns to target those communities through local newspapers, radio shows, potentially podcasts, and any avenues the agency needs to publicize and amplify the messaging. DOL's Outreach Team will also conduct feedback within those communities to help us adjust messaging, as well as whether different media strategies are needed.

In addition, DOL will incorporate community organizations into the campaign. Funds will be directed to nonprofit organizations or OMWBE-certified businesses that serve underrepresented communities. By collaborating with trusted messengers, we hope to elicit a similar connection with community members such as the DOH's COVID-19 and the DSHS's Immigrant Relief Fund campaigns, albeit at a smaller scale.

What are you purchasing and how does it solve the problem?

1. Public Awareness

As with previous campaigns, the requested funding will purchase media buys (potentially television, targeted streaming ads, radio, and newspaper). The buys will feature newly created content and will be targeted to specific audiences, such as young people traveling for the first time, or new "empty nesters" who wish to visit children and/or grandchildren. The funding will also purchase new content, such as infographics and information cards at LSOs. They will be translated into nine common languages spoken in Washington state. The new campaign will increase the number of individuals with EDLs/EIDs.

DOL will also partner with community organizations and/or small non-profit agencies, that serve underrepresented communities, to help spread awareness.

The requested funds break down in the following manner:

- A. *\$1,500,000 for content creation and media buys. \$400,000 will be directed specifically for ethnic media buys.*

The public awareness campaign will run statewide in three phases:

1. Summer 2024. General theme: "It's close, prepare now."
2. Spring 2025. General theme: "It's around the corner; this is your last chance."
3. May/June 2025. General theme: "It's here. You must have an approved ID to fly."

Advertising costs during Fall/Winter 2024 will be prohibitive because of national elections and holidays.

Based on previous work done by PRR, the estimate for creating assets, project management, web updates, overhead, etc., is \$300,000, leaving \$800,000 for media buys. They are estimated as follows:

Media Tactic	Estimated		
	Impressions	Ads/clicks	Budget
Digital	8,400,000	84,500	\$170,000
TV/CTV	13,800,000	5,000	\$320,000
Radio	3,200,000	3,500	\$100,000
Transit	11,700,000	350	\$90,000
Airport	6,500,000	200	\$120,000
Estimated TOTAL	43,600,000		\$800,000

The remaining \$400,000 will be used to purchase ethnic media buys. DOL has used this strategy in the past with success. As part of the agency's commitment to equitable access, we recently asked PRR to query partners that specialize in community-based organizations (CBOs) how to get accurate information to their clients. The results were not surprising: language must be simplified. That includes less technical terms, less dense text, and less formal tone in writing. Just as important is the need for cultural nuance in translations. Community partners expressed willingness to support DOL beyond distribution of documents if the partners are provided appropriate resources and training to reach their communities.

Specific to REAL ID, the survey found:

- Confidentiality and security of personal information are important;
- Lack of in-language support, resources, and translators at LSOs is a large barrier;
- Dissemination of information requires multiple distribution channels;
- Many of the customers served do not understand why REAL ID compliance is necessary;
- Many of the customers served do not know the necessary supporting documents needed to acquire a REAL ID; and
- Varying literacy levels among immigrant populations may limit their ability to use written resources. Having information in multiple formats would be helpful.

An estimate of the ethnic media buys includes:

Media Tactic	Estimated		
	Impressions	Ads/clicks	Budget
Digital	4,100,000	42,000	\$90,000
TV/CTV	3,800,000	500	\$31,000
Print	4,600,000	6,200	\$197,000
Radio	2,800,000	3,100	\$82,000
Estimated TOTAL	15,300,000		\$400,000

- B. \$500,000 as grants to community organizations and small non-profits for additional outreach to underserved communities.

DOL will provide small contracts to qualifying CBOs or diverse businesses (Small, Veteran, and OWMBE) to help spread awareness of the REAL ID deadline. The contracts will help us extend the reach of media campaigns and create new partnerships as well as strengthen existing ones.

A model for this work was used by both the Departments of Health (DOH) and Social and Health Services (DSHS) in recent years. To ensure delivery of accurate medical information during the COVID-19 pandemic, DOH created a community-driven outreach and communications program. The program provided funds directly to CBOs, who then delivered accurate medical information specifically to communities who were disproportionately impacted during the pandemic. The agency’s 2022 “COVID-19 Community Media Outreach Program Final Report” identifies the importance of utilizing CBOs in messaging about REAL ID requirements: *“(C)ommunity-rooted and community-led organizations and groups are better positioned and equipped to listen, understand, and respond to the needs of their members in the most culturally relevant and appropriate way. ... (Those) partners bring ... strong connections to priority communities and unique communications channels to connect with them.”*

DSHS followed a similar model when implementing the Washington Immigrant Relief Funds in 2020 through 2023. The agency contracted with 15 community-based organizations and, via one of its contractors, an additional 35 community organization subcontractors, all with a mission to informing immigrants and their families about the opportunity for assistance. By using trusted messengers to host community events, canvass in neighborhoods, share on social media, and conduct phone messaging campaigns, DSHS received 116,082 applications for assistance, with coverage in every Washington county.

Mirroring the survey results from the company subcontracted by DOL (see Section A above), DOH found success when “using accessible terminology, creating easy pathways to resources, developing a low-barrier funding application process that centered community partners’ expertise, making reporting easy to complete and reflective of community partners’ contexts and providing language and interpretation services, where needed.”

To ensure reaching a broad range of communities, DOL will focus on Supplier Diversification to increase awareness among minority and diverse populations via one (or more) of the below methods:

- Existing Contract: Design, Marketing and Advertising with vendor PRR. PRR will act as the prime vendor and subcontract to firms to conduct diverse vendor campaign outreach activities.
- Direct Buys: \$30-\$40k agreements between DOL and diverse organizations (small and veteran) to conduct diverse vendor campaign outreach activities.
- Set Aside Contracts: Agreements between DOL and diverse organizations (small or veteran). This will require a solicitation to award the contract or contracts, i.e. contract value per vendor not to exceed \$150k.

Informal conversations with CBOs and agencies that work with CBOs confirm the importance of the small grants. Specifically, the funding will allow for targeted messaging. One specific community advocate pointed out that for their constituency, security of personal data is essential to ensure their gender identity or sexual orientation isn’t institutionally documented. As such, if awarded a grant, the community advocate suggested using the funds to educate people on data protection, particularly in central and eastern Washington.

1. Licensing Services Office Workload

The requested funding will be used to hire nine FTEs in November 2024, six months ahead of the REAL ID Act enforcement in May 2025. The length of time required for hiring and training is explained in the section above. These staff will increase LSO service capacity for an additional 27,000 customers during fiscal year 2025.

Additional FTEs are needed during the 2025-2027 biennium to accommodate a wave of customers required to renew licenses and identification cards in an LSO between March 2026 and December 2027, as described above. The renewal wave comes at the same time as increased customer volumes seeking EDL/EID. A second FTE cohort is needed beginning November 2025 to ramp up staffing level five months ahead of the projected wave of renewals. Staffing level could be decreased with attrition beginning in October 2026 to align with forecasted workload in calendar year 2027. Table 1 below shows the proposed additional LSO FTEs, the number of FTE months the trained staff will be actively serving customers, and the additional transaction capacity expected during fiscal years 2025 through 2027.

Table 1 Service Capacity Impact

Service Capacity Impact of Proposed FTEs

	FY 2025	FY 2026	FY 2027
Additional LSR2 FTEs	9 (hired 11/2025)	24.0	30.5
FTE Months (Trained LSR2)	45	235	366
Additional Transaction Capacity	26,910	140,530	218,868

What alternatives did you explore and why was this option chosen?

1. Public Awareness

We considered whether the Digital Communications & Outreach team at DOL could handle the added workload. Its scope requires greater capacity and a greater budget than the agency has. In addition, as an established public relations firm, PRR has media contacts we do not, making them more efficient than we are.

We also discussed using a different public relations firm. The created content from PRR is foundational; in other words, it can be easily built upon. A different firm would require a new foundation, which would take extra time to create. It may also lead to some confusion by customers who have already seen prior campaign materials.

Without a broad campaign, thousands of Washington travelers will not be able to fly beginning May 7, 2025. That will lead to money and time lost through the cancellation of vacations or business trips.

Regarding community-led outreach, DOL could limit its scope to the existing outreach team. However, the team lacks capacity to meet with the large numbers of underserved Washington residents most susceptible to impacts from REAL ID. In addition, community-based organizations have built trust with the communities they serve and can be a valuable partner in locating and convincing hard-to-reach populations of significant policy changes.

1. Licensing Services Office Workload

We considered using internal funds, however, DOL’s 2023-2025 biennial budget allocation was reduced and cannot accommodate additional staffing.

We considered delaying this proposal until the 2025-2027 biennium budget cycle but determined the length of time needed to onboard and train staff to issue EDLs/EIDs required us to ramp up staff levels during fiscal year 2025.

Also considered was the option not to propose additional FTEs to accommodate increases in EDL/EID workload. The LSOs will operate with reduced funding and FTEs beginning July 2024. Fewer staff in the LSOs will result in the following outcomes:

- LSOs would be unable to meet projected customer volumes during summer and fall of calendar year 2025 and throughout most of 2026 and 2027. Based on prior experiences, we expect:
 - Customers may not receive same-day service and will have to return to the office another day.
 - The average length of time customers wait for service in LSOs would return to, and exceed in some offices, pre-pandemic levels and negate the gains in efficiencies DOL accomplished during the previous four years, previously described. Customers in offices along the I-5 corridor experience wait times different from the statewide average. An office’s ability to handle spikes in customer volume is limited by its size, number of service counters, and staff available to work the counters. Table 2 below compares the length of time customers waited for service in the LSOs during 2019, 2022, and estimated changes in fiscal years 2025 through 2027 resulting from the budget reduction.

Table 2 LSO Wait Time Annual Comparison

Wait Time Impact - Existing Staff Level (In Minutes)

	2019 Pre-pandemic	2022 Previous Yr	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate
Statewide Average	11	6	10	11	11
Upper Limit Experienced in Offices	34	20	33	35	37
Lower Limit Experienced in Offices	5	1	4	4	4

In FY 2025 for example, DOL estimates a 10 minute statewide average wait time. DOL would expect to see the upper limit wait time of 33 minutes in high-volume offices during the summer workload peak, and the lower limit of 4 minutes in rural offices during the winter months.

- Overflow of customers will exceed lobby capacity at some LSOs. During summer 2017, customer volumes in larger LSOs exceeded the facility capacity, and fire marshals required DOL to place security guards at front doors to regulate the number of customers inside lobbies.
- Overflow of customers at LSOs will create conflict at locations where neighboring businesses are economically impacted from lack of

customer parking, as well as complications with landlords.

- o Potential part-time office closures or reduced hours. As an example, a part-time office that currently operates one day per week could be reduced to one day per month.
- o Reduced number of driving skills tests DOL offers to the public in multiple locations. Three to four customers can be served at the counter for every one drive test conducted. Customers who test at LSO locations are often those who have language barriers, need a reexamination, or have waited to test without attending drive training school due to cost. More Washingtonians will be required to test with private driving schools at a higher cost than the fees paid to DOL, or wait for a longer time-period to test with DOL.

DOL considered the alternatives and concluded this funding proposal is the best option to prepare and staff LSOs ahead of customer volumes triggered by the May 2025 REAL ID enforcement date, and to do so without a funding reduction to other DOL programs.

For direct buys and set-aside contracts, consideration will be made to not overlap existing Contract K6116 Design, Marketing, and Advertising scope of work.

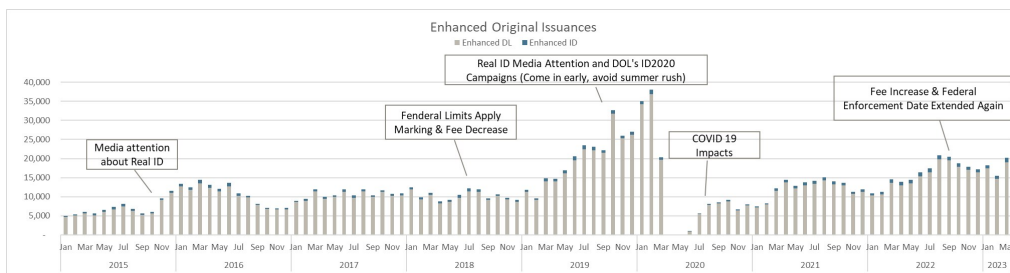
Detailed Assumptions and Calculations:

Detailed assumptions and calculations

1. Public Awareness

DOL data clearly show an increase in issuances of EDL/EID after public awareness campaigns. Figure 4 below shows EDLs/EIDs by month, starting in 2015. Media attention resulted in marked increase in customers requesting the documents.

Figure 4 EDL/EID Demand With Relative Media Attention



To cite two specific examples: 1) A fall/winter 2015 campaign saw a 140 percent increase in EDLs/EIDs, from 5,581 total documents in September 2015 to 13,329 in January 2016. 2) A spring/summer 2022 campaign saw an increase of 50 percent, from 13,884 EDLs/EIDs in April to 20,882 in August.

Our research estimates that, as of May 2023, between 50 and 70 percent of Washingtonians possess a document required for air travel. The estimate is broad because we do not know how many people possess multiple compliant documents already. In Table 3 below, the estimate comprises the following:

Table 3 Estimate of Washington Residents With REAL ID-Compliant Documents

Type of REAL ID acceptable document	Est. # of WA residents who have document
Washington State Enhanced Driver License or ID Card (1,319,929 current, this estimated number is for May 2023)	1,400,000
U.S. passport or passport card	3,304,000
Military and family member ID card	233,000
Retired military and veteran ID card	152,000
Permanent resident card (est.)	200,000
U.S. Citizenship and Immigration Services Employment Authorization Card (I-766) (est.)	120,000
Tribal ID card (est.)	5,000
Foreign government-issued passport	unknown
Transportation worker identification credential (TWIC)	unknown
Federal employee identification (HSPD-12 PIV) card (est.)	75,000
Est. total (high number)	5,563,000
Est total (low number) eliminating all duplication between EDL/EID and passport/passport card holders	4,089,000

Data calculations and assumptions:

- We know there is duplication between the EDL/EID and passport/passport card numbers, because a passport/passport card is one way a person verifies their eligibility to get an EDL/EID. We do not know the level of duplication, so we created a high number (no duplication) and a low number (100-percent duplication).
- The above table does not list every type of eligible document, because we know some documents are 100% duplicative of those above, such as a DHS trusted traveler card.
- We included persons of all ages who board domestic flights because most minors travel with an adult, and we assumed if the adult couldn't board the minors wouldn't board alone.

Based on our estimates, as many as three million Washington residents currently do not possess a REAL ID-compliant document.

Regarding expenditures, the requested \$2,000,000 will be spent in the following areas:

1. \$1,100,000 for general public awareness.

Based on previous work done by PRR, the estimate for creating assets, project management, web updates, overhead, etc., is \$300,000, leaving \$800,000 for media buys. They are estimated as follows:

Media Tactic	Estimated		
	Impressions	Ads/clicks	Budget
Digital	8,400,000	84,500	\$170,000
TV/CTV	13,800,000	5,000	\$320,000
Radio	3,200,000	3,500	\$100,000
Transit	11,700,000	350	\$90,000
Airport	6,500,000	200	\$120,000
Estimated TOTAL	43,600,000		\$800,000

1. \$400,000 for ethnic media buys.

Estimates are as follows:

Media Tactic	Estimated		
	Impressions	Ads/clicks	Budget
Digital	4,100,000	42,000	\$90,000
TV/CTV	3,800,000	500	\$31,000
Print	4,600,000	6,200	\$197,000
Radio	2,800,000	3,100	\$82,000
Estimated TOTAL	15,300,000		\$400,000

1. \$500,000 for direct community-based grants.

The grants will be awarded in one or more of the following ways:

- Existing Contract: Design, marketing and advertising with vendor PRR. PRR will act as the prime vendor and subcontract to firms to conduct diverse vendor campaign outreach activities.
- Direct Buys: \$30-\$40k agreements between DOL and diverse organizations (small and veteran) to conduct diverse vendor campaign outreach activities.
- Set Aside Contracts: Agreements between DOL and diverse organizations (small or veteran). This will require a solicitation to award the contract or contracts.; i.e. contract value per vendor not to exceed \$150k.

1. Licensing Services Office Workload

Table 4 below shows the data and calculations used to determine the FTEs needed to serve customer volumes expected during fiscal years 2025 through 2027.

Assumptions: A Licensing Services Representative-2 (LSR-2) has 78,942 minutes per year dedicated to serving customers, or 6,579 per month. The average transaction time is 11 minutes. An LSR can conduct 598 transactions per month (6,579 minutes ÷ 11 minutes transaction time = 598 transactions).

Table 4 LSO Workload and FTE Calculations

	FY 2025											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Workload Demand Estimate	151,000	160,000	154,000	158,000	140,000	138,000	144,000	129,000	145,000	138,000	144,000	149,000
Service Capacity Estimate	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705
Capacity vs. Demand Variance	1,705	(7,295)	(1,295)	(5,295)	12,705	14,705	8,705	23,705	7,705	14,705	8,705	3,705
FTEs Needed to Serve Demand (Demand ÷ 598 transactions per FTE)	253	268	258	264	234	231	241	216	242	231	241	249
FTEs In Service (Estimate)	255	255	255	255	255	255	255	255	255	255	255	255
FTE In Service vs. Needed Variance	3	(12)	(2)	(9)	21	25	15	40	13	25	15	6
Proposed Ramp-Up FTEs	0	0	0	0	9	9	9	9	9	9	9	9
Annual Average	6.0											

	FY 2026											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Workload Demand Estimate	157,000	162,000	157,000	156,000	133,000	134,000	142,000	130,000	150,000	154,000	159,000	163,000
Service Capacity Estimate	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705
Capacity vs. Demand Variance	(4,295)	(9,295)	(4,295)	(3,295)	19,705	18,705	10,705	22,705	2,705	(1,295)	(6,295)	(10,295)
FTEs Needed to Serve Demand (Demand ÷ 598 transactions per FTE)	263	271	263	261	222	224	237	217	251	258	266	273
FTEs In Service (Estimate)	255	255	255	255	255	255	255	255	255	255	255	255
FTE In Service vs. Needed Variance	(7)	(16)	(7)	(6)	33	31	18	38	5	(2)	(11)	(17)
Proposed REAL ID & Ramp-up for Renewal Wave FTEs	9	9	9	9	17	23	30	35	38	38	38	38
Annual Average	24.0											

	FY 2027											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Workload Demand Estimate	182,000	196,000	207,000	167,000	144,000	153,000	155,000	144,000	166,000	165,000	171,000	172,000
Service Capacity Estimate	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705	152,705
Capacity vs. Demand Variance	(29,295)	(43,295)	(54,295)	(14,295)	8,705	(295)	(2,295)	8,705	(13,295)	(12,295)	(18,295)	(19,295)
FTEs Needed to Serve Demand (Demand ÷ 598 transactions per FTE)	304	328	346	279	241	256	259	241	278	276	286	288
FTEs In Service (Estimate)	255	255	255	255	255	255	255	255	255	255	255	255
FTE In Service vs. Needed Variance	(49)	(72)	(91)	(24)	15	(0)	(4)	15	(22)	(21)	(31)	(32)
Proposed REAL ID & Ramp-up for Renewal Wave FTEs	38	38	38	28	28	28	28	28	28	28	28	28
Annual Average	30.5											

FTE and LSO Workload Capacity vs. Demand - Fiscal Years 2025-2027

Workforce Assumptions:

DOL is requesting funding to hire 9 Licensing Services Representative-2s starting November 2024.

Fiscal Year	FTE	Job Classification	Salary	Benefits	Employee Standard Costs	Agency Indirect	Total Staffing Related Costs
FY24							
FY25	6	Licensing Services Representative 2	368,000	150,000	86,000	146,000	750,000

Strategic and Performance Outcomes

Strategic Framework:

The vision for Gov. Inslee’s Results Washington begins with “Driving transparency.” This decision package aligns to the Governor’s vision and will ensure Washington residents are aware of relevant ID federal laws, what they mean, when they take effect, and how they can meet the requirements. In addition, the proposal advances the Governor’s goal of “Efficient, Effective, and Accountable Government” by preventing long wait times in DOL offices and frustration from customers unaware of the new federal requirements.

DOL’s 2023-26 strategic plan has four priority areas, two of which are “Equity and Inclusion” and “Safe and Supported Communities,” the latter of which recognizes DOL’s role in promoting traffic safety. Under “Equity and Inclusion” is the goal, “DOL will eliminate barriers in the services we provide.” The goal is served by providing clear, consistent, accurate, and timely information to customers about federal licensing requirements – especially requirements that, if not met, prohibit residents from flying. Acknowledging the interconnection between the federal REAL ID law and DOL’s major book of business of providing licensure, this communications campaign and additional FTE funding is vital to DOL in meeting its strategic goal of removing barriers to the services we provide.

Under this same strategy, a key initiative is to “conduct a regulatory improvement effort to identify and eliminate barriers in the agency’s rules, policies and business practices.” This work is already underway: DOL has conducted a regulatory review of the EDL/EID application process and removed customer-reported barriers, making it easier for eligible residents to obtain an EDL/EID.

Further, a goal under “Safe and Supported Communities” reads “all customers will receive efficient, effective, and timely service.” The goal is advanced by this proposal, i.e., communicating with our customers in advance of the May 7, 2025, deadline. This decision package also ensures that the influx of customers seeking expanded licensure from DOL to meet the requirements of Real ID will be met with efficient, effective, and timely service by bolstering the capacity in our offices with additional FTEs.

Performance Outcomes:

Funding is essential to maintain customer service and wait time performance based on customer needs and feedback.

The following performance measures are already in place at DOL and would provide a clear picture of performance outcomes based upon the funding received:

- Percent of statewide LSO customers with a wait time under 30 Min (currently above 90% - should remain stable with bolstered staffing level.)
 1. Monthly measure by LSO of wait time by customer, time in office by customer, and percentage of customers served within 30 min of arrival.
 2. The 2023 transportation budget proviso requires reporting of quarterly wait time by LSO.
- Percent of customers who say their LSO service experience met or exceeded their ideal standard.
 - DOL began asking LSO customers this question in August 2023. A performance target will be set in fall 2023 in conjunction with the agency's customer experience and insights efforts.

Equity Impacts

Community outreach and engagement:

N/A

Disproportional Impact Considerations:

N/A

Target Populations or Communities:

N/A

Other Collateral Connections

Puget Sound Recovery:

No impact to Puget Sound recovery.

State Workforce Impacts:

None

Intergovernmental:

The impact to travelers will be significant. Without a broad campaign, thousands of Washington travelers will not be able to fly beginning May 7, 2025. That will lead to lost money and/or time through the cancellation of vacations or business trips. Although REAL ID compliance is a federal requirement, the public relations challenge to explain cancellations will affect all Washington leaders.

Stakeholder Response:

Without a broad campaign, airports will be overrun with people unable to travel. While the Transportation Security Administration (TSA) indicates they will provide alternative screening for those who hold REAL ID-compliant documents, but do not bring them to the airport, that process will slow travel and will cause some to miss scheduled flights, further producing chaos.

DOL research estimates that each day, a total of about 110,000 people board domestic flights at SeaTac International Airport or Spokane International Airport. Even if, for example, 15 percent of Washington residents do not possess REAL ID-compliant documents on May 7, 2025, nearly 17,000 travelers a day will complicate travel at those airports.

DOL anticipates broad support from community advocates, who have underscored the importance of an equity-centered campaign. This is especially true for stakeholders representing immigrant communities.

Based on historical information, any concerns about this proposal will center around the uncertain implementation date.

State Facilities Impacts:

No impact to state facilities. The LSOs have fully equipped service counters ready for the proposed additional staff.

Changes from Current Law:

None

Legal or Administrative Mandates:

As described elsewhere in this document, DOL's proposal is in response to the implementation date of the REAL ID Act, a federal law. Although not compelled by the law, inattention to the Act's downstream impacts will create hardships for Washington residents.

HEAL Act Agencies Supplemental Questions

None

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$0	\$368	\$368	\$1,498	\$1,873	\$3,371
Obj. B	\$0	\$150	\$150	\$610	\$762	\$1,372
Obj. E	\$0	\$1,732	\$1,732	\$942	\$1,177	\$2,119

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Agency Recommendation Summary

The Department of Licensing (DOL) requests funding for system enhancements and other complex system changes for its Driver and Vehicle System (DRIVES) and Prorate and Fuel Tax (PRFT) applications. These enhancements and changes improve equity, accessibility, customer experience, business processes, and data security; and will allow the agency to comply with unanticipated mandates.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Operating Expenditures						
Fund 06T - 1	\$0	\$829	\$829	\$829	\$829	\$1,658
Fund 106 - 1	\$0	\$487	\$487	\$487	\$487	\$974
Fund 108 - 1	\$0	\$327	\$327	\$327	\$327	\$654
Total Expenditures	\$0	\$1,643	\$1,643	\$1,643	\$1,643	\$3,286

Decision Package Description

DOL requests \$1,643,000 in the 2023-25 biennium and \$3,286,000 ongoing in future biennia for system enhancements and other complex system changes for the DRIVES and PRFT (also known as GenTax) applications. Both DRIVES and PRFT are commercial off-the-shelf (COTS) systems acquired from FAST Enterprises (FAST) who maintains and upgrades the applications.

The base maintenance funding for DRIVES and PRFT only covers the software and operational maintenance outlined in the contracts with FAST. Base funding does not include system enhancements or other complex changes necessary to support agency initiatives to improve equity, accessibility, customer experience, business processes, and data security; or to comply with unanticipated mandates, such as court orders. In addition, this funding will help DOL avoid falling into technical debt.

Importantly, this request for new funding still reflects a savings to the state. With its conversion from legacy, self-managed products to COTS systems, DOL has reduced its ongoing technology footprint by a sizable margin. In years past, the department relied on a team of approximately 40 developers, a team that is now down to six. This proposal rebalances the cost savings to more fully capture the needs of maintaining COTS systems.

An added benefit of this vendor arrangement is additional cost efficiency: contracted developer support can be scaled up or down as demand fluctuates. And in the case of DOL, demand increases significantly following, e.g., rulemaking and strategic planning.

Historically, DOL relied on under expenditures and end of biennium fund balance to fund limited system changes, but these amounts are neither sufficient nor consistently available. In addition, portions of DOL’s savings from staff vacancies were retained in the transportation budgets passed by the Legislature in 2021, 2022, and 2023. As a result, DOL is currently accumulating a backlog in change requests, which impedes efficient and proper operations of its core applications.

Background

Through DRIVES, DOL administers Washington’s driver, vehicle, and vessel licensing programs, and provides numerous other services. DRIVES allows DOL to provide key services to residents, business partners, and state and federal agencies, who rely on DOL and its data for public safety, licensure, identification, and transportation revenue. DRIVES debuted in 2016, after the agency decided to consolidate several legacy applications, many over 40 years old, into a single COTS solution. After moving to DRIVES, DOL saw increased system reliability, reduced downtime, and better processes for staff.

Through the PRFT system, DOL administers the state’s Motor Vehicle Fuel Tax, Special Fuel Tax, and Aviation Fuel Tax collection programs, serving over 9,800 active customers. Like DRIVES, PRFT debuted in 2016, similarly modernizing its legacy system with a COTS solution.

DRIVES and the PRFT systems support the following critical services:

- Driver license and identification card systems – Washington has 5.9 million driver license holders and nearly 700,000 identification card holders.
- Commercial driver license systems – DOL provides approximately 190,000 individuals with credentials to operate commercially licensed vehicles engaged in interstate and intrastate commerce.
- Enhanced Driver Licenses and Identification Cards – DOL provides approximately 1.2 million individuals the ability to travel by land and sea to Canada and Mexico without additional documentation. These will also become Washington’s REAL ID compliant documents once the REAL ID Act goes into effect.
- Vehicle licensing – DOL licenses approximately 6.7 million vehicles.
- Data stewardship – DOL possesses approximately 14 million records and is charged with safeguarding the data privacy, security, and integrity of these files.

- Prorate and fuel tax services – Prorate and fuel tax services collect approximately \$1.7 billion in annual revenue for the state’s transportation system.

As stated above, DOL contracts with FAST to provide system support and maintenance. The existing contracts for DRIVES and PRFT include:

- Disaster recovery services;
- Environment management, including software patching, security services, server replacement database backups, and performance monitoring;
- 24/7 system monitoring; and
- System integration and regression testing for version upgrades and releases.

The contracts do not, however, include vendor support for new initiatives, enhancements or additions to online services, other improvements to business processes, or other work compelled by unanticipated mandates such as court decisions.

Interrelationship with other Decision Packages Filed by DOL for the 2023-2025 Biennium

This request is a companion to DOL’s decision package entitled “Dedicated change request funding for POLARIS,” and together, the requests cover three of DOL’s largest applications. The packages are written separately because, unlike POLARIS, DRIVES and PRFT are funded through the transportation budget.

DOL’s 2023 decision package entitled “Upgrade PRFT GenTax to latest available version,” requested separate funding to upgrade the entire PRFT application to its most current version. The platform upgrade is distinct from the system changes described in this request.

The changes outlined in this request will be driven, in part, by DOL’s ongoing work to apply human-centered design to its customers’ experience. DOL’s 2023 funded decision package entitled “Improve Online Customer Experience” supports this approach by using customer feedback to improve agency rules, policies, processes, forms, and letters. Most of these improvements will require a corresponding change to DRIVES, PRFT, and DOL’s other technology applications.

Currently, DOL has a backlog of pending change requests and anticipates significant future work, which will require an average of 652 vendor hours per month to implement. Although the agency has historically funded some change requests with vacancy savings, a backlog nevertheless arose, and the backlog has grown following the recent retention of DOL’s vacancy savings in the transportation budget. If funded, DOL will work with its vendor to address ongoing changes in business requirements and the needs of the agency’s customers and federal, state, and local partners.

DOL requests dedicated funding that will be utilized to fully implement agency initiatives and unanticipated mandates through system enhancements and other complex system changes for DRIVES and PRFT.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

Based on an analysis of pending change requests and future business needs, DOL considered the following alternatives:

- Use existing DOL IT staff to program the change requests. This alternative is infeasible because staff do not always have the specific expertise or capacity to implement the change by the deadline. As described above, developer staffing has decreased significantly in response to the move to commercial off-the-shelf products. As a separate note, DOL is not always able to make programming changes on its own: vendor contracts and warranties could be impacted if the work is performed by non-vendor developers.
- Redirect funding from DOL’s divisions to purchase additional vendor hours. DOL’s divisions do not, however, have designated funding for change request work. Therefore, work must be funded from an alternate source, which risks overspending DOL’s budget.

Decline to implement change requests. This alternative hinders DOL’s ability to advance its strategic priorities and improve its business processes. In addition, if change requests cannot be funded, DOL will have to create manual workarounds in lieu of system upgrades. Manual workarounds are not ideal, adding to staff time and increasing the risk of error.

Detailed Assumptions and Calculations:

Based on the existing backlog of change requests, DOL estimates that it will need 587 additional vendor hours for DRIVES and 65 for PRFT per month. DOL therefore requests total funding for 652 additional vendor hours per month at an average rate of \$210 per hour.

Contract	Additional Vendor Hours per Month	Hourly Rate	Annual Total	Biennial Total
DRIVES K5200	587	\$ 210	\$ 1,479,240	\$ 2,958,480
PRFT K4927	65	\$ 210	\$ 163,800	\$ 327,600
TOTAL	652	\$ 420	\$ 1,643,040	\$ 3,286,080

Workforce Assumptions:

No FTE or department overhead requests are associated with this decision package.

Strategic and Performance Outcomes

Strategic Framework:

DOL has several strategic priorities that support this request, including diversity, equity, and inclusion; improved customer experience through human-centered design; and data security. Examples of future work funded by this request include:

- Enhancing existing online services by adding alternative payment methods for customers;
- Expanding online services to include new digital applications for, e.g., disabled placards, personalized plates, and license extension requests, and to add the ability to check the status of an application;
- Strengthening online security for individuals through, e.g., multi-factor authentication;
- Configuring DRIVES and PRFT to allow new language options for non-English-speaking customers;
- Incorporating human-centered process recommendations flowing from the work described in DOL's 2023-2025 decision package entitled "Improve Online Customer Experience;"
- Adding new capabilities that are developed by FAST but that are not part of DOL's existing contract, including an accounting upgrade that improves payment processing and reconciliation and transaction management upgrade to improve the over-the-counter work and captures the processing data in driver and vehicle licensing offices;
- Making routine updates to, e.g. local municipal statute changes, office location changes, in the system that can occur at any time;
- Addressing process changes made by DOL's business partners such as the American Association of Motor Vehicle Administrators (AAMVA);
- Programming new processes based on unanticipated legal mandates; recently, *Pierce, et al. v. Dept. of Licensing*; and
- Modernizing processes and IT architecture with external legacy interfaces, such as the Justice Information Data Exchange, to avoid technical debt.

Strategic framework

- The Governor's goal 5 for efficient, effective, and accountable government by covering increased support for two of DOL's major systems, DRIVES and PRFT, that provide critical services to Washington residents and business partners
- Washington State's Enterprise IT strategic goal 1 creating a government experience that leave no community behind
- Washington State's Enterprise IT better data, better decisions, better government, and better Washington
- Washington State's Enterprise IT Innovative technology solutions create a better Washington
- DOL's strategic priority of equity and inclusion and implement initiatives to eliminate barriers in the services we provide, including regulatory improvement efforts, revising the agency's language access plan, and updating high priority forms and letters using plain talk principles
- DOL's strategic priority of safe and supported communities and implement initiatives to improve access to online services and modernize its customer contact centers and licensing service offices to ease interactions with our agency
- DOL's strategic priority of safe and secure data and implement initiatives to improve stewardship and standards for the management of agency data and protect our customers' personal information

Performance Outcomes:

In addition to the general improvements to DOL's service delivery, assurance that the agency complies with all unanticipated mandates, and avoidance of technical debt, the agency expects from this funding:

- Enhanced online security to secure customer information and provide reasonable measures to ensure individuals who access their driver licensing or vehicle registration information have their identity verified and not creating additional barriers for customers to use online services;
- Expanded online services, thereby reducing manual paper processing of customer applications by 25 percent in 2024 and an additional 25 percent by 2025; this will be achieved by providing customers online alternatives, e.g., disabled parking plates, personalized plates, license extension requests, and the opportunity to check application status;
- Improved processes and workflows to reduce staff backlogs by 25 percent by 2024, and another 25 percent by 2025; and
- Enhanced payment and reconciliation processes to improve the management and reconciliation of all the payments submitted in the system.

Equity Impacts

Community outreach and engagement:

The Governor's Executive Order 22-04 on a Pro-Equity and Anti-Racist (PEAR) government guides DOL's fiscal and budget policy decisions. While developing this budget request, DOL considered the following important aspects:

- Who stands to benefit from this proposal or allocation of resources and what groups have historically been harmed from their exclusion?
- How do we engage communities to make sure gaps in experiences and resource allocation have been captured?
- Who continues to be excluded and what steps could be taken to rectify that?

Disproportional Impact Considerations:

Equitable access to licensing reduces the barriers leading to transport disadvantage, subsequently increasing access to essential services, employment, education, and social opportunities. Transport disadvantage is directly related to reduced healthcare opportunities and unsafe road behaviors, such as driving unlicensed, unsafe, and overcrowded vehicles, which increases the risk of injury. Proper and continuous operations of the department's systems (services) decrease the risk of failure of these critical systems and ensures equitable access to licensing services that are inclusive, responsive to business and individual needs of all residents of the State of Washington and are accessible to regional and remote communities. DOL will also take steps to ensure that improvements to services do not accidentally increase disparities in access. When making improvements that are not specifically designed to improve service for residents with disabilities, the agency will ensure that current accessibility is maintained or improved for persons using adaptive technologies or similar support resources.

DOL is purchasing vendor time for change requests to DRIVES and PRFT. These change requests will ensure that agency initiatives and unfunded mandates are implemented in a timely fashion and that system enhancements can be added when available. More specifically, DOL will be able to:

- Keep the software adaptive and modern with changing business needs and technical evolution;
- Rapidly respond to unanticipated mandates, emergent business operations changes, or business partner updates;
- Fully implement updates to rules, policies, processes, forms, and letters;
- Continue supporting existing and new online and in-person services to Washington state residents and DOL business partners; and
- Avoid service delays and disruptions stemming from manual workarounds and system downtime.

Target Populations or Communities:

Through collaboration with community members, industry experts, and DOL staff, the agency routinely updates rules, policies, processes, and public facing forms and letters to advance diversity, equity, inclusiveness, and accessibility in its programs. Most of these updates will require a corresponding change to the configuration of DRIVES or PRFT. As the agency furthers its strategic priorities advancing, for example, language access and human centered design, the volume of change requests will increase and will not be able to proceed without additional funding.

DOL's systems support every WA resident by ensuring efficient and effective delivery of licensing and identification services. Disruption or failure of DOL's systems can create access barriers to services and result in a cycle of adversity, which will contribute to disadvantages in many regional and remote communities. For example, disruption of drivers and vehicle systems, vehicle licensing offices, driver licensing offices, or professional licenses system will result in barriers to equitable participation in licensing, and consequently will create a cyclical relationship between low rates of license participation, transport disadvantages, increased risk of injury, and increased risk of contact with the justice system. Experiencing difficulties or inabilities obtaining a Washington State Identification Card is highly prohibitive to accessing employment, education, and housing; it is fundamental to equity and social inclusion. Interrupted or delayed licensing services lead to disruption of business operations and license disqualification and sanctions, which will have a ripple effect on the most vulnerable families who already have reduced options for transport, and thereby reduced access to employment and essential services. This further marginalizes those experiencing financial hardship.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

This package will enable DOL to continue supporting improvements and enhancements to interfaces and services for agency partners. Reducing the risk of downtimes and processing errors also ensures no impacts to partners' business processes and customers.

The following government entities rely on accurate and timely data from DRIVES: the Washington State Patrol, the Washington State Traffic Safety Commission, local and tribal law enforcement, the Secretary of State, and courts. For example, WSP and law enforcement jurisdictions rely on 24/7 information from DOL to verify identification, access driver histories, and identify stolen and abandoned vehicles.

The following government entities rely on accurate and timely data from PRFT: the Washington Departments of Agriculture, Ecology, Enterprise Services, Revenue, the Washington State Treasurer, and the Washington State Patrol. DOL routinely provides data to these agencies to support tax collection and enforcement, and to analyze fuel manufacturing, assess clean air initiatives, and forecast fuel tax revenues. DOL also provides data under the International Fuel Tax Agreement (IFTA) and the International Registration Plan (IRP).

Stakeholder Response:

System issues impact DOL's ability to issue driver's licenses, ID cards, vehicle and vessel registration, and titling; to advance its strategic plan; and to support other governmental entities and partners.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

HEAL Act Agencies Supplemental Questions

Information technology (IT)

Reference Documents

[2024 Dedicated Funding Drives IT Addendum Worksheet.xlsx](#)
[IT Addendum DR - Dedicated Funding Drives and PRFT.docx](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

Yes

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. E	\$0	\$1,643	\$1,643	\$1,643	\$1,643	\$3,286

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2024 IT ADDENDUM

Only use this addendum if your decision package includes IT costs

Part 1: Itemized IT costs

Complete the [2023-25 IT Fiscal Estimate Workbook](#). This workbook will identify the IT portion of the decision package.

In the workbook, agencies must itemize all IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff as required in ESSB 5693 Sec. 150(4)(a)(i-ix).

Part 2: Questions that support the reuse of existing state resources

To ensure effective reuse of existing state resources, all IT investments — including project IT expenditures — are expected to comply with IT statutes and policies. The answer to these questions will help OCIO and OFM determine if the decision package will be funded.

- Does this investment provide for acquisition of, or enhancement to, an administrative or financial system? Yes No

- If Yes, has this decision package gone through the Administrative and Financial System review as required in [\(SAAM\) section 80.30.88](#)? Yes No
 - If Yes, attach the approval letter.
 - If No, do not submit the decision package. Recommendation will be “Do Not Fund”.

- Does this decision package fund the acquisition or enhancement of equipment or facilities in any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
 - If yes, do you have an approved waiver to proceed with this proposed investment? Yes No
 - If Yes, attach a copy of the waiver approval.
 - If No, do not submit this decision package. Recommendation will be “Do Not Fund”.

- For Health and Human Services agencies (HHS Coalition) DCYF, DOH, DSHS, HCA and Washington Health Benefit Exchange, has this project been screened for inclusion in the HHS Coalition portfolio? N/A Yes No
 - If Yes, this is part of the HHS Coalition portfolio, has this project received HHS Coalition project initiation approval? Yes No N/A
 - If answer to the first HHS Coalition question is Yes (or N/A for second question), attach approved HHS Coalition Project Initiation Form.
 - If No to either HHS question, do not submit the decision package. Recommendation will be “Do Not Fund”.

Part 3: Maintenance and policy level decision packages

Answers to these questions will be used in part to determine if the decision package will be evaluated and ranked by the OCIO as required by RCW 43.88.092.

A. Does this decision package fund the acquisition or expansion of computer hardware capacity? Yes No

If Yes, where will the hardware solution be hosted? State Data Center
 External Cloud

B. Does this decision package fund the development or acquisition of a new or enhanced software solution or service? Yes No

• If Yes, where will the software solution be hosted? State Data Center

External Cloud

• If response to question B is Yes, do you expect this to solution to exchange information with the state financial system (AFRS) or the OneWA solution? Yes No

• If response to question B is Yes, will this investment renew or procure facial recognition service? Yes No

C. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121.](#)) Yes No

If Yes, name the project:

(Project name published on the [IT Dashboard](#))

If your decision package is maintenance and you answered “yes” to any of the above questions in Part 3, you must answer the questions in Part 4 below to finish the IT Addendum. All policy decision packages must answer question in Part 4.

Part 4: IT Investment Questions

Please provide a response to the following questions. Responses will be evaluated and ranked by the OCIO as required by [RCW 43.88.092](#). Chapter 10 of the operating budget instructions contains the criteria used to evaluate 2021-23 decision packages.

AGENCY READINESS

Due diligence

1. Summarize the feasibility or due diligence work completed in support of this decision package. Attach a copy of the feasibility study or other documentation of due diligence to the decision package.

Funding from this decision package will ensure proper and efficient operations of the Department of Licensing (DOL) Prorate and Fuel Tax (PRFT) application (GenTax) and will allow the fuel tax discovery (investigations) team to identify, investigate, and assess unreported or underreported fuel tax collections. This enhancement includes the ability to investigate both licensed and unlicensed entities, collect and compile both new and existing data, and issue assessments, including through the appeal and collection process.

The data points that are consolidated to estimate the feasibility of upgrade are:

- Loss of revenue (Tax collection, due to investigations and assessments, will increase 7-8 million dollars per year.)

- Investigations of this nature are protected under statute and should remain segregated from normally disclosable business data already collected.
- Must be able to revoke license or bring the customer into compliance.
- The discovery module is using existing technology and architecture. Requires configuration only.

Governance and management

2. What governance processes will support this project? Examples of governance processes include appropriately placed executive sponsor, representative steering committee, resourced vendor/contract management, change control, and incorporating stakeholder feedback into decision making processes. Provide examples of how your proposed budget includes adequate funding and planning for governance processes, if applicable.

DOL has an existing Executive Management governance process that has been in place for the past 5 years to govern all major projects. The governance board reviews monthly status, scope, budget, risks and responds timely to decisions and risks. An integrated agency staffing plan is used to monitor resources committed to project(s) to ensure operational impacts are considered along with over commitment of resources. An internal DOL OCM Program is established and is a cultural expectation for the agency for all change including project initiatives.

Existing change control process allows DOL to capture and evaluate every request to change the existing system/system portfolio, because the consequential effects of unmanaged change may be far-reaching to business-as-usual activities. This process allows the Department to conduct a detailed evaluation of the success criteria, benefits, scope, quality, time, resources, risks, stakeholder engagement, and any other criteria important to continuous operations of PRFT.

The Department's vendor and contract management process allow the Department to take appropriate measures for controlling costs, mitigate potential risks, and ensure increased value from vendors in the long run. This includes researching the right contract, metrics and relationship, sourcing, obtaining pricing information, evaluating performance by setting organizational standards, meeting mission critical objectives, minimizing potential disruption of operations, and avoiding delivery failure. With current vendor relationships, Contract Managers communicate with the vendor to monitor performance and ensure deliverables are being met; review and approve invoices; and work closely with DOL Contracts experts to execute contract amendments, suspensions, terminations, etc.

DOL has executed multiple technology modernization projects to date and has improved its governance processes with lessons learned from each implementation.

Planning and readiness

3. Describe how your agency will resource the project management of this project. Will in-house resources be used, or will resources be acquired? How has organizational change management been factored into planning and approach? Has the project requested a project management approach to be used for this project? Describe whether project and organizational change management resources are included in this request or will be provided by in-kind resources. Describe whether the proposed budget includes costs associated with independent quality assurance.

The package is asking for funding to make the necessary system changes by the vendor and to acquire resources for testers, PM, BA, Security and Architect Services. The project would follow the project management approach.

DOL Enterprise Project Management Office (EPMO) performs project planning, and monitors and controls processes aligned to OCIO Standard 112.30 Managing Information Technology Portfolio – Projects. DOL IT projects are managed by the EPMO by an experienced project manager. The EPMO has a defined process for project selection and prioritization. A project charter is developed to ensure the project is approved, funded, resourced, and prioritized to meet the requirements outlined in the strategic planning process.

DOL also has an established architecture governance in place, the Strategic Innovation & Architecture Team. The purpose of this team, comprised of business and IT strategists, is to evaluate new technology to ensure it aligns with federal and state guidelines, OCIO policy, industry best practices, and DOL’s architectural principles and portfolio.

Strategic and Technical alignment

4. Using specific examples, describe how this investment aligns with strategic elements of the Enterprise Technology Strategic Plan. Examples of strategic principles that tie back to tenets of the strategic plan include, but are not limited to: buy don't build, solutions hosted on modern hosting solutions, solutions promoting accessibility, early value delivery of functionality throughout the project, and modular implementation of project features.

Maintaining the Department’s critical systems and licenses aligns with the Enterprise Technology Strategic Plan Goal #4 Enterprise Architecture, as this strategic technology investment supports common business needs/functions by identifying common business practices that can be supported by shared solutions and through modernizing infrastructure and applications. It also creates opportunities for operational efficiency and improves constituent access to services (Goal #1 Efficient and Effective Government).

The proposed effort also aligns to DOL’s Strategic Plan, supporting strategic goals of Safer Data, Safer Drivers, Safer professions, and easy and equitable access to our PRFT licensing options. The system is currently hosted in private FAST Hosting Services cloud. After July 2024, the system will be hosted on premises with DRIVES.

Efficient and Effective Government – the Department’s investment in adding the new Tax Discovery Module, will increase the collection of revenue 7 – 8 million dollars per year, through proper and efficient operations of investigating, and assessing unreported or underreported fuel tax collections. It will allow the agency to revoke a license or bring the customer into compliance.

Enterprise Architecture – investing in improving existing systems allows the Department to optimize on the return on investment. Cost savings are realized by improving business processes that support a high quality of customer service. Assurances on existing technologies, which provide common business services, help sustain trusted service to our customers. DOL administers the state’s fuel tax for Motor Vehicle Fuel, Special Fuel, and Aviation Fuel Tax collection and refunds program, as well as administering the International Registration Plan program, International Fuel Tax Association program, and tribal fuel compacts with over 17,500 active customers. Prorate and fuel tax services collect approximately \$1.7

billion in annual revenue for the state's transportation system. Maintaining these services enhances customer trust and generates revenue for the state.

Technical alignment: Covered above

Reuse and interoperability

5. Does the proposed solution support interoperability and/or interfaces of existing systems within the state? Does this proposal reuse an existing solution or existing components of a solution already in use elsewhere in the state? If the solution is a new proposal, will it allow for such principles in the future? Provide specific examples.

GenTax is supported by FAST Enterprises, which also supports another major DOL business system, DRIVES. Having a common vendor supporting multiple DOL products means changes are similar and repeatable between DOL business product lines. FAST also is a reputable vendor, and the product is used in many other Washington State agencies. The system is flexible and configurable using the existing core architecture to add any new features including, but not limited to interfaces for exchanging the data, batch jobs, and new functionality w/o having to develop from scratch.

PRFT supports the exchange of information with the following key partners:

- International Fuel Tax Association (IFTA)
- International Registration Plan Inc. (IRP)
- State Treasurer
- Department of Ecology
- Department of Enterprise Services
- Federal Motor Carrier Safety Administration (FMCSA)
- Department of Transportation
- AFRS (Revenue transactions)
- DRIVES
- Internal Revenue Service
- Federal Highway Administration (FHWA)

The availability of these interfaces is crucial to the success of DOL and its business partners.

Business alignment

Business driven technology

6. What are the business problems to be addressed by the proposed investment? These business problems should provide the basis for the outcome discussion below. Describe how end users (internal and external) will be involved in governance and implementation activities.

The following business goals are addressed by investment in system improvement and enhancement:

- Continued Revenue Stream – Increases the collection of taxes 7 – 8 million dollars per year.
- System and Service availability – This decision package ensures DOL has adequate funding to implement a Tax Discovery module for the purpose of audit, collection, and compliance of non-reported or under-reported fuel taxes.
- Regulatory Requirements – DOL's business model relies on the system data to accurately distribute the revenue collected through the fuel tax operations within the state.

Measurable business outcome

DOL will measure the following business outcomes:

- Tax Investigation Unit will be provided the tools to audit and track the under-reported and non-reported fuel tax.
- Bring non-reported fuel tax customers into compliance with state requirements.
- Increase tax collection revenues.

Decision Package Urgency

Failure to implement the new Tax Discovery module will introduce the following potential risks.

- Loss of revenue
- Non-compliance
- Lack of accountability

To ensure our commitment to providing on going services to our constituents, this decision package purpose is to guarantee the agency conducts online business in a safe, secure, equitable, and efficient manner.

Part 2: Questions about facial recognition and supporting the reuse of existing state resources

- Will this investment renew or procure a facial recognition service? Yes No
- Does this investment provide for acquisition of, or enhancement to, an administrative or financial system as required by [technology policy 122 - administrative and financial system investment approval](#) ? Yes No
 - If **Yes** to question B, has this decision package obtained OCIO and OFM Administrative and Financial System review approval? Yes No
 - If **Yes**, attach the approval letter.
 - If **No**, the decision package should not be submitted. Recommendation will be “Do Not Fund.”
- For DCYF, DOH, DSHS, HCA and the Washington Health Benefit Exchange only: Has this project been screened for inclusion in the HHS Coalition portfolio? Yes No
- Does this decision package support the adoption of modern, cloud-based technologies? Yes No

Part 3: Maintenance level decision packages

The questions in Part 3 are for **Maintenance level** decision packages and need to be answered. (If this is a policy-level decision package, skip Part 3 questions and respond to all questions in Part 4 and Part 5.)

- Is this renewal for an existing software or subscription? Yes No
- Does this continue a current maintenance contract? Yes No
- Does this decision package fund the acquisition or expansion of hardware capacity? Yes No
 - If **Yes**, where is the hardware solution hosted? State Data Center. Yes No
 - External Cloud. Yes No

Other location.

Is this a routine, planned replacement of aging hardware or equipment?

If **Yes**, where will the hardware solution be hosted? State Data Center.

Yes

External Cloud. No

Other location.

Has the agency performed research to determine if a modern cloud solution is available for this maintenance investment?

N/A - The current solution is already cloud based

Yes

No

Part 4: Policy level decision packages

The questions in Part 4 are general questions for **policy-level** decision packages.

A. Type of Investment - Identify the most relevant decision package investment classification from the following list (select one):

Addresses technical debt.

Cloud advancement.

Continues existing project.

Critical hardware upgrade.

Improves existing service.

Introduces new capabilities.

System modernization.

B. Does this decision package fund the acquisition, development, enhancement, or replacement of a new or existing software solution?

Yes

No

If **Yes**, where will the software solution be hosted? State Data Center

External Cloud

Other location.

C. Do you expect this solution to exchange information with the state financial system (AFRS) or the OneWA solution (WorkDay)?

Yes No

D. Does this decision package fund the acquisition or expansion of hardware capacity?

Yes No

If **Yes**, where will the hardware solution be hosted? State Data Center

External Cloud

Other location.

E. Does this decision package fund the continuation of a project that is under OCIO oversight? (See [Technology policy 121.](#))

Yes

No

If Yes, name the project:

(Project name published on the [IT Dashboard](#))

Part 5: IT investment prioritization and scoring questions

All policy level decision packages must provide a response to the following questions. Responses will be evaluated and ranked by the OCIO as required by [RCW 43.88.092](#). The criteria scoring scale being used by the OCIO to evaluate and rank decision packages is available on the OCIO [Decision Package Prioritization](#) website. See [23-25 Decision Package Prioritization Criteria](#).

Agency Readiness

Due diligence. Summarize the research, feasibility or due diligence work completed to support this decision package. Attach a copy of the feasibility study or other documentation of due diligence to the decision package.

Governance and management. What governance processes will support this project? Examples of governance processes include appropriately placed executive sponsor, representative steering committee, resourced vendor/contract management, change control, and incorporating stakeholder feedback into decision making processes. Provide examples of how your proposed budget includes adequate funding and planning for governance processes, if applicable.

Planning and readiness. Describe how your agency will resource the implementation of this investment request. Will in-house resources be used, or will resources be acquired? How has organizational change management been factored into planning and approach? Does the investment require a project management approach to be used? Describe whether project and organizational change management resources are included in this request or will be provided by in-kind resources. Describe whether the proposed budget includes costs associated with independent quality assurance.

Technical alignment

Strategic and technical alignment. Using specific examples, describe how this investment aligns with strategic and technical elements of the [Information Technology Strategic Plan](#). Examples of strategic principles that tie back to tenets of the strategic plan include, but are not limited to, advance digital government, support use of common and shared technologies across agencies, improve the Washington customer experience across digital channels, strengthen privacy capacity in state and local government. Examples of technical principles that tie back to tenets of the strategic plan include but are not limited to; adoption of modern cloud-hosted technologies, provide proactive cybersecurity capabilities, reduce technical debt, expand integration between systems.

Reuse and interoperability. Does the proposed solution support interoperability and/or interfaces of existing systems within the state? Does this proposal reuse an existing solution or existing components of a solution already in use elsewhere in the state? If the solution is a new proposal, will it allow for such principles in the future? Provide specific examples.

Business alignment

Business driven technology. What are the business problems to be addressed by the proposed investment? These business problems should provide the basis for the outcome discussion below. Describe how end users (internal and external) will be involved in governance and implementation activities.

Measurable business outcome. Describe and quantify the specific performance outcomes you expect from this funding request. Provide specific examples of business outcomes in use within your agency, and how those outcomes will be improved because of this technology investment. Does the response align with the measurable business outcomes identified in the Strategic and Performance Outcomes in

Chapter 2 of the 2023-25 budget instructions? What outcomes and results, either positive or negative will occur? Identify all Lean initiatives and their expected outcomes. Include incremental performance metrics.

Decision package urgency

During the evaluation and ranking process, the OCIO will take into consideration, the urgency of the decision package request. Describe the urgency of implementing the technology investment in this cycle and the impacts to business if it does not proceed as planned.



Agency Recommendation Summary

The Department of Licensing (DOL) requests funding for seven FTEs to ensure appropriate oversight and management of DOL’s budget and accounting processes, and revenue collections. DOL is one of the top revenue collection agencies in the state with complex revenue accounting based on revenue volumes, number of revenue resources, and number of funds for distribution, and the budget and accounting teams are not adequately staffed to meet increased demands on their respective offices.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	0.0	7.0	3.5	7.0	7.0	7.0
Operating Expenditures						
Fund 001 - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 003 - 1	\$0	\$3	\$3	\$3	\$3	\$6
Fund 026 - 1	\$0	\$31	\$31	\$31	\$31	\$62
Fund 04E - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 06G - 1	\$0	\$4	\$4	\$4	\$4	\$8
Fund 06L - 1	\$0	\$59	\$59	\$59	\$59	\$118
Fund 082 - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 104 - 1	\$0	\$1	\$1	\$1	\$1	\$2
Fund 106 - 1	\$0	\$572	\$572	\$572	\$572	\$1,144
Fund 108 - 1	\$0	\$193	\$193	\$193	\$193	\$386
Fund 14V - 1	\$0	\$7	\$7	\$7	\$7	\$14
Fund 15V - 6	\$0	\$4	\$4	\$4	\$4	\$8
Fund 16B - 1	\$0	\$1	\$1	\$1	\$1	\$2
Fund 16M - 6	\$0	\$1	\$1	\$1	\$1	\$2
Fund 201 - 1	\$0	\$9	\$9	\$9	\$9	\$18
Fund 298 - 6	\$0	\$1	\$1	\$1	\$1	\$2
Total Expenditures	\$0	\$910	\$910	\$910	\$910	\$1,820

Decision Package Description

The Department of Licensing (DOL) collected approximately \$5 billion in revenue in the 2019-2021 biennium, the third highest revenue of all cabinet agencies. [Chart 1] The number of revenue sources and funds for distribution make DOL’s revenue accounting one of the most complex. In the first nine months of FY23, DOL managed 44 different revenue sources and 98 separate funds. [Chart 2] Many revenue sources are split across multiple accounts, and many accounts receive revenue from multiple sources. Altogether, DOL managed revenue collection and distribution of 190 unique pathways from revenue sources to accounts during the nine-month period.

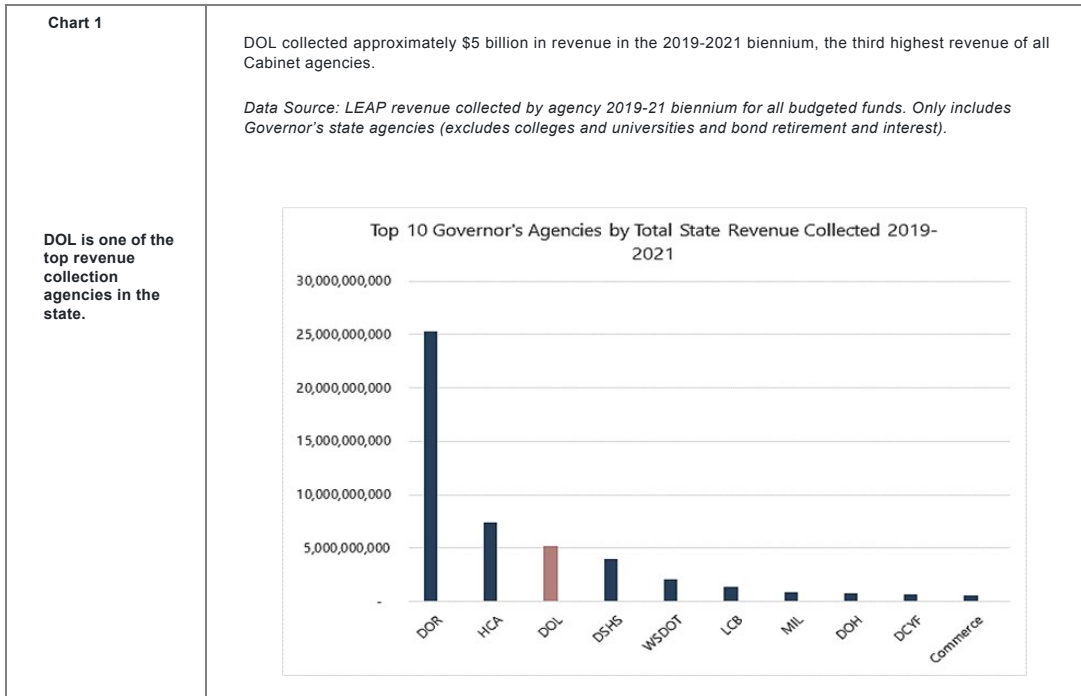
The volume and complexity of revenue accounting and budget needs have increased significantly over the past few years, with no corresponding increase in resources. Although new information technology systems have benefitted many of DOL’s customers and have resulted in more transparent reporting, they have created additional workloads, especially in the area of reconciliation between system outputs and official financial records. This puts DOL at risk for not meeting regulations set forth by the Office of Financial Management’s (OFM) State Administrative and Accounting Manual (SAAM) and other reporting obligations as required by state law. Without adding additional resources, the increased workloads result in backlogs, which then create delays in processing refunds to constituents and invoice payments to vendors. Many of those impacted vendors include small and diverse businesses who rely on a dependable cash flow.

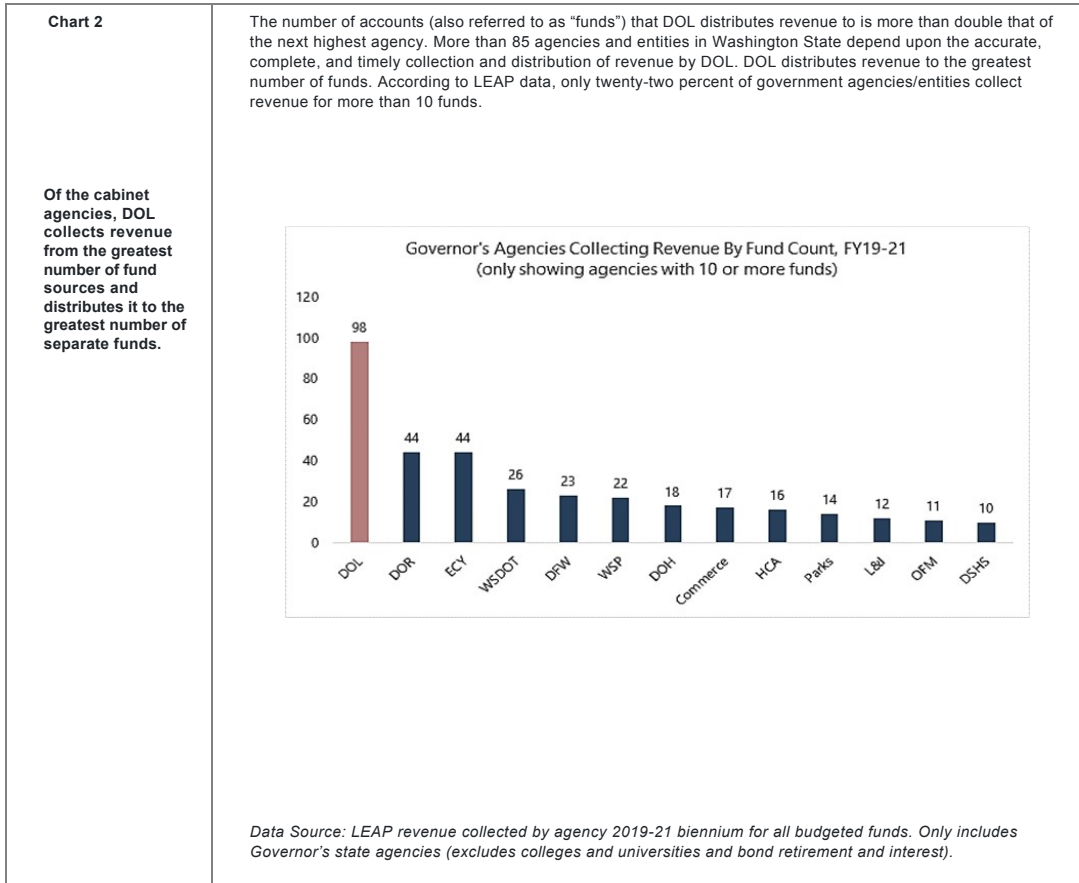
Moreover, DOL received a finding from the State Auditor’s Office in 2023, which centered on a high number of deficiencies in the agency’s accounts payable program. Although no one deficiency was critical, the auditors nevertheless issued a finding due to the total number of items, a symptom of an under-resourced accounting office. Namely, the accounting staff are tasked with more operational work than can be reasonably handled and, therefore, have little capacity to maintain the currency of accounting policies and practices or improve efficiency.

As a result, DOL needs to increase its resourcing for the oversight and management of the agency’s budget, revenue, and refund processing. This will enable DOL to better meet its fiduciary responsibilities and improve the equity of services provided through its processes. DOL is requesting seven financial FTEs to reduce risk and keep pace with current and projected workloads.

Specifically, the requested FTEs will enable DOL to:

- Improve ability to process reconciliations quicker and ensure financial record accuracy.
- Shorten processing times for refunds to constituents and invoice payments to vendors to minimize the impact to small and diverse businesses and maintain vendor relationships.
- Improve processing of Business and Professional licensee payments and refunds.
- Reduce the risk of errors in revenue processing.
- Strengthen agency capacity for both accounting and budget analysis and reporting.





Increased workload volumes and complex accounting functions

Over the years, DOL’s work and financial complexity have increased workload and staff skill requirements. Contributing to this, DOL has modernized its customer-facing applications with three different information technology (IT) systems: GenTax, DRIVES, and POLARIS. Each system has an independent financial component. While these new systems have provided an improvement in delivering services to customers, they have created additional workload for financial staff. Staff must use multiple, stand-alone systems for their oversight and management of the agency’s revenue and refunds.

Each of the modernized systems, plus a legacy system, Venture, are used to track financial data. The revenue data from each system must be reconciled prior to uploading into the state financial system, AFRS. Lack of a single, automated general ledger effectively quadruples this workload as staff now have to manually reconcile four separate systems to AFRS. The future Workday as part of the One Washington program will introduce a fifth program.

In many cases, each system processes revenue collection, and refunds differently. This is dependent on customer payment method (Automated Clearing House (ACH), credit card, cash, or check) and the way payment is received (mail, in person, by phone, or online). In addition, there are limited accounting functionality and system controls to detect or prevent errors. This results in increased troubleshooting, research, and manual processing by DOL’s Accounting Services Unit.

Additionally, DOL leadership needs to have oversight of the total agency budget and expected revenues, insight into the overall actual revenue and expenditures at any given point in time, and the ability to direct or re-direct dollars as needed. Likewise, agency managers need to know what their available budget is, to be able to manage the budget within their program and have sufficient resources and fee structure to carry out the objectives outlined in the strategic plan to meet planned deliverables. Currently, the DOL budget and accounting offices are not staffed at a level to be able to provide this more proactive and strategic financial management of agency operations. Instead, the financial offices are much more reactive in nature and are focused on the activities that are the most urgent.

Adding additional staff to the Accounting Services Unit and Budget Office will:

- Provide workload capacity for oversight and management of the DOL’s revenue and refunds processing.

- Increase capacity to support and ensure accuracy of manual reconciliation to AFRS and the eventually Workday.
- Improve ability to proactively detect and respond to errors.
- Provide FTEs with higher skillsets to provide oversight and support for complex work activities.
- Ensure key service deliveries, such as refunds, and invoice payments are met without barriers in service equity.

What staff will do to solve this problem?

Examples of this increased demand for the Budget Office include:

- Office of the Chief Information Office (OCIO) gated funding analysis and reporting.
- OCIO non-gated project oversight analysis and reporting.
- Business and Professional licensee fee monitoring and forecasting to support fee proposals.
- Implementation and continued maintenance of a new cost allocation plan.
- Tracking and reporting requirements for complex budget items such as vacancy reduction and contingency funds.
- Support for the launch of and ongoing workloads for the new One Washington Workday financial system.

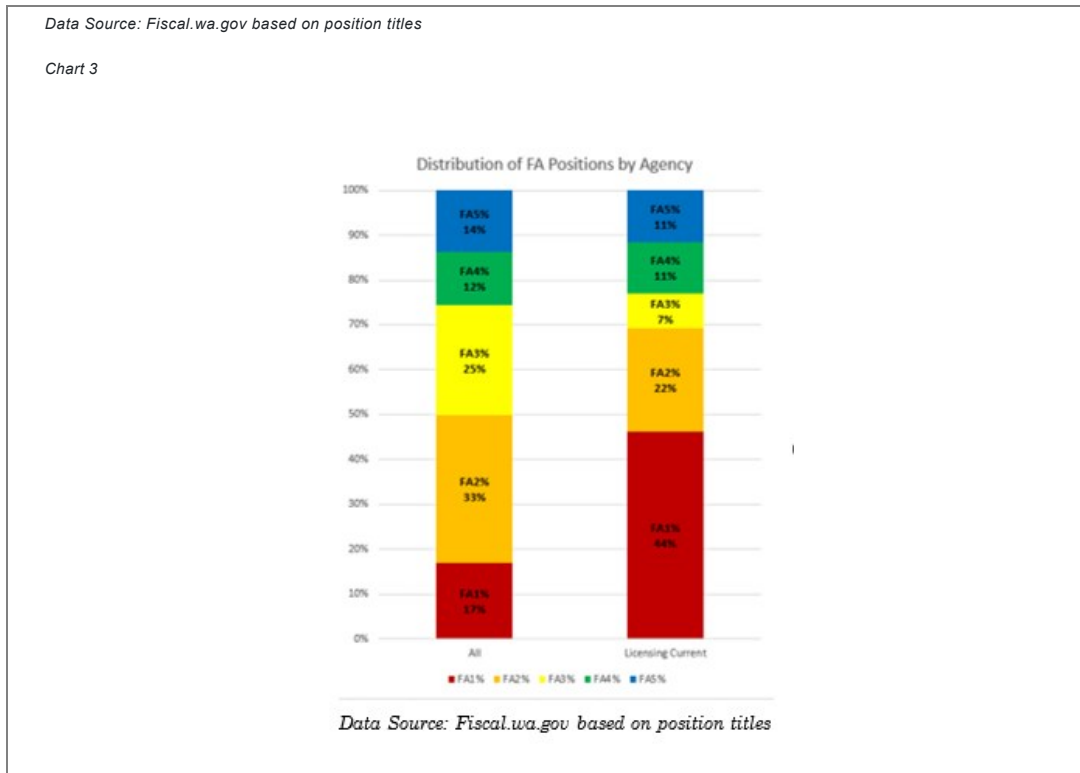
Examples of this increased demand for Accounting Services include:

- Separate reconciliations and reporting requirements between four DOL systems and the official financial records.
- Collection and refund processing in four separate business systems.
- Timely and accurate reporting to the State Treasurer's Office based on interfaces of four DOL systems.

Based on DOL's current staffing, the DOL Budget Office and Accounting Services areas are not able to readily meet the current and projected demand. The risk of not adding additional FTEs is the lack of ability to:

- Do continuous process improvements to eliminate barriers and duplicative work.
- Partner and proactively work with business programs to better utilize their financial reports to manage their business.
- Improve ability to proactively detect and respond to errors.

Need to better meet current and projected accounting workloads:



Historically, DOL Accounting Services operated primarily with entry-level positions for revenue collection and a smaller number of higher-level positions who were responsible for accurate distribution. [Chart 3] This arrangement worked when revenue collection and distribution was simpler when DOL had just one financial system.

OFM requires that state agencies perform 31 different categories of reconciliations on a regular basis, ranging from daily to annually. The majority are recommended to be performed monthly. For DOL Accounting Services, this workload is also multiplied by the number of different systems that have financial data that require reconciliation.

With the addition of the modernized systems, each with independent financial components, what could previously be done by a Fiscal Technician (FT) or a Fiscal Analyst 1 (FA1) now requires a higher-level skill set. Yet compared to other state agencies, DOL's Accounting Services has a higher percentage of entry level positions versus higher level positions.

For example, a category like "Receivables" that should be reconciled monthly, might be a relatively straightforward task for some agencies, but for DOL, it is complex work that requires a senior-level skill set. In addition to the receivables that a typical agency would have, DOL has three major revenue collection systems to reconcile, in addition to smaller and legacy systems.

By hiring higher-level FTEs, DOL's Accounting Services will be able to better meet current and projected workloads. This will result in improved service turnaround times to better meet constituent needs, as well as better support analysis, reconciliation and reporting requests and deadlines.

Potential impacts on current and projected accounting workloads are:

- Lack of ability to provide adequate oversight to capture and correct errors timely.
- Delays in meeting deadlines and fiduciary responsibilities.
- Increased backlogs in areas such as processing refunds to constituents and invoice payments to vendors (to include small and diverse businesses).
- Delayed response times for requests for analysis and reports.
- Reduced ability to coach and mentor entry level fiscal analysts on processes and procedures, resulting in increased errors.

What is your proposal?

DOL's FTE request is for the following (7) positions:

- **(2) Fiscal Analyst 4s (FA4s):** To address increased revenue accounting workload and support reconciliations. Adding two higher-level FTEs will:
 1. Ensure payments are properly reviewed, approved and adequately documented.
 2. Provide capacity to update payment-related policies and procedures to ensure they reflect current practices and reference required state policies.
 3. Provide capacity to formalize a process to detect and avoid duplicate payments to vendors.
 4. Create capacity to establish card user agreements for purchase card users and ensure they are retained, monitored and updated regularly.
 5. Ensure exceptions for travel-related per diem have a documented approval on file, prior to the date of travel.
 6. Ensure all online purchases are made from the appropriate state business account.
 7. Build capacity for the more complex work associated with ensuring the accuracy and completeness in multiple systems with independent financial components.
 8. Ensure sufficient FTEs so that individuals have the capacity to train on accounting *systems*, as well as accounting *policies* and *practices*.
 9. Broaden the knowledge pool amongst staff to mitigate issues, created by planned and unplanned absences as well as attrition, by creating capacity for knowledge transfer between team members.
 10. Create capacity for accounting to work more closely with the Budget Office to coordinate financial management reporting, research, and analysis.
 11. Increase the ability to distribute complex work activities amongst higher-level FTEs.
 12. Expand capacity for problem resolution, analytical work, and continuous improvement efforts.

- **(2) Management Analyst 4s (MA4s):** To address problem resolution and continuous improvement activities, with one MA4 added to the Budget Office and one MA4 to the Accounting Services Unit. The two MA4 FTEs will:
 1. Build processes to ensure payments are properly reviewed, approved, and adequately documented,
 2. Conduct root cause analysis and trend identification in support of continuous process improvements,
 3. Aid with updating payment-related policies and procedures to ensure they reflect current practices and reference required state policies.
 4. Formalize processes to detect and avoid duplicate payments to vendors.
 5. Improve the reporting of raw data among Accounting, Budget, and Forecasting Offices.
 6. Build processes and employ tools to report accounting and budget raw data to agency leadership and business divisions.
 7. Interface with DOL's Continuous Improvement Office to implement process improvement initiatives on an ongoing basis.
 8. Liaise with agency program areas to ensure business systems requirements meet financial and revenue collecting requirements,
 9. Enable DOL to develop/revise, document, and train on accounting business processes necessitated by new system implementations, updates to existing systems, and business process improvements.

- **(3) Budget Analyst 4s (BA4s):** To provide budget analysis and reporting support for Budget Managers and business programs in the implementation of business operational plans. Adding three BA4s will provide:
 1. The analysis and reporting support needed by the Budget Managers who work with agency leadership to manage division budgets.
 2. Assistance to DOL's Forecasting Unit in providing reliable analysis to increase or decrease Business and Professional licensing fees,
 3. Cost allocation support to ensure proper cost allocation distribution.
 4. Additional budget monitoring for expenditure and revenue projections to include more robust analysis of professional licensing fee structures and projected impacts of fee increases,
 5. More proactive budget management analysis to support programs in the implementation of their business operational plans.

What are you purchasing and how does it solve the problem?

This request will strengthen fiscal operations at DOL with higher accounting skills from the three requested staff (two FA4s and one MA4). Compared to other state agencies, Accounting Services has a higher number of entry-level FTEs. The three additional FTEs for Accounting Services will possess higher-level skillsets and will be better able to support the new and more complex workloads.

- These additional Accounting staff will:
 1. Allow Accounts Payable staff to mitigate recent SAO findings citing inadequacies in disbursements and purchase cards.

Specifically, the SAO selected and examined 56 disbursements totaling \$2,950,813, and found:

- Twenty percent (20%) lacked adequate documentation to support the business purpose of the purchase; several were duplicate payments to vendors,
- Forty-eight percent (48%) were not appropriately approved, and
- Nine percent (9%) were not properly coded in the state's accounting system or paid an incorrect amount to the vendor.

In total, \$281,213 in disbursements were unsupported, improperly approved, or paid for the incorrect amount. Additional investigation into purchase and travel-card transactions identified \$5,690 in transactions that were unallowable, unsupported, or improperly approved.

1. Ensure key service deliveries, such as refunds and invoice payments, are met with improved customer service and without barriers in service equity.
2. Provide DOL with capacity to better handle workloads that have increased in recent years.
3. Reduce the risks of inaccurate and/or untimely revenue collection and distribution.
4. Provide additional financial analysis and reporting to DOL's programs and stakeholders.
5. Increase budget monitoring capabilities to support business operations.
6. Provide workload capacity for oversight and management of the DOL's revenue and refunds processing.
7. Increase capacity to support and ensure accuracy of manual reconciliation to AFRS (eventually Workday).
8. Improve ability to proactively detect and respond to errors.
9. Provide higher skillsets to provide oversight and support for complex work activities.

The Budget Office has the appropriate number of higher-level FTEs but lacks sufficient FTEs to support budget managers in providing service to business units. The (4) additional FTEs for the Budget Office will provide research, analysis and reporting support needed by the higher-level positions. This will allow the Budget Office to handle increasing workloads and enable a quicker turnaround time for budget-related requests.

While administrative costs will increase, the overall benefit to DOL and the state of adding financial management capacity will exceed said costs in terms of improved oversight and monitoring of agency financial resources.

What alternatives did you explore and why was this option chosen?

Investing in additional FTEs for the accounting and budget programs is necessary to reduce risk and address workload issues. This will help deliver improved, more comprehensive services to DOL's customers.

The consequences of not adding additional FTEs are increased risks of inaccurate or untimely revenue collection and distribution, customer frustration, increased barriers to provide equitable service, and future audit issues or findings.

DOL explored the following two options:

<p>Do nothing</p>	<p>Pros:</p> <ul style="list-style-type: none"> • No increase to budget allotments, and • Fewer administrative costs allocated out to the various funding sources within DOL
	<p>Cons:</p> <ul style="list-style-type: none"> • Limited capacity to assist business program staff with their budget and accounting needs, • Increased risk of errors due to staffing skillsets and workloads resulting in a lack of confidence from business units, customers, and vendors, and potentially more SAO findings, • Limited financial analysis capacity, • Delayed response times for reporting requests, • Limited ability to participate in future business systems or enhancements to ensure financial requirements are met, and • Continued barriers to providing equitable customer services
<p>Add (7) additional FTEs to Accounting and Budget programs</p>	<p>Pros:</p> <ul style="list-style-type: none"> • Ensures payments are properly reviewed, approved, and adequately documented, • Payment-related policies and procedures can be updated to ensure they reflect current practices and reference required state policies, • Better system to detect and avoid duplicate payments to vendors, • Card user agreements for purchase card users can be established, monitored, and updated regularly, • Ensures exceptions for travel-related per diem have a documented approval on file, prior to the date of travel, • More staff with appropriate skillsets to reduce risk of error and support current and projected workload volumes, • Expanded capability to support financial analysis requests, • Quicker turnaround times for budget and accounting reporting requests, • Additional capacity for analysis of new and enhanced business systems to ensure financial requirements are met, and • Improved processing time, such as customer refunds and invoice payments to vendors which will reduce equity barriers in the delivery of customer services
	<p>Cons:</p> <ul style="list-style-type: none"> • Increase to DOL's budget allotments, and • Additional administrative costs allocated out to the various funding sources within DOL

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

Expansion, reduction, elimination or alteration of a current program or service

Accounting / Budget from Prior Two Biennia		
	2019-21	2021-2023
FTE - Accounting	31.0	32.0
FTE - Budget	11.0	10.0
Allotments - Accounting	\$6,338,230	\$5,931,978
Allotments - Budget	\$2,304,675	\$2,090,869

Detailed Assumptions and Calculations:

DOL is requesting permanent funding of 7.0 FTEs as described below.

FTE Needs	Monthly Salary	2024	2025	2026	2027
Fiscal Analyst 4	\$6,198	0.0	2.0	2.0	2.0
Management Analyst 4	\$7,184	0.0	2.0	2.0	2.0
Budget Analyst 4	\$7,368	0.0	3.0	3.0	3.0
Total FTEs		0.0	7.0	7.0	7.0
Object A - Salaries		2024	2025	2026	2027
Fiscal Analyst 4	\$6,198	\$0	\$153,220	\$153,220	\$153,220
Management Analyst 4	\$7,184	\$0	\$177,600	\$177,600	\$177,600
Budget Analyst 4	\$7,368	\$0	\$273,220	\$273,220	\$273,220
Total Object A - Salaries		\$0	\$604,040	\$604,040	\$604,040
Object B - Benefits		2024	2025	2026	2027
Fiscal Analyst 4		\$0	\$55,461	\$55,461	\$55,461
Management Analyst 4		\$0	\$59,844	\$59,844	\$59,844
Budget Analyst 4		\$0	\$90,993	\$90,993	\$90,993
Total Object B - Benefits		\$0	\$206,298	\$206,298	\$206,298
Object E – Goods & Services		2024	2025	2026	2027
Fiscal Analyst 4		\$0	\$28,590	\$28,590	\$28,590
Management Analyst 4		\$0	\$28,590	\$28,590	\$28,590
Budget Analyst 4		\$0	\$42,900	\$42,900	\$42,900
Total Object E – Goods & Services		\$0	\$100,080	\$100,080	\$100,080

Workforce Assumptions:

See Detail assumptions and calculations.

Strategic and Performance Outcomes

Strategic Framework:

This proposal supports the Governor’s goals Efficient, Effective, and Accountable Government and Prosperous Economy by ensuring that the Department of Licensing can fulfill its fiduciary responsibilities.

The funding of this decision package also ensures the Department of Licensing’s ability to support essential fiduciary responsibilities related to revenue collection, budget, and accounting.

Performance Outcomes:

1. Ninety percent (90%) of allotted FTE accuracy to the Expenditure Authority Schedule by the end of the 23-25 biennium.
2. Eighty-five percent (85%) of all general ledgers balanced monthly within 10 months of positions funding.
3. Increase percentage of submittals by budget deadlines to one hundred percent (100%) each biennium beginning one year after positions funding.
4. One hundred percent (100%) staff training completion rate on year-end and biennium-end duties by mid-2024.
5. Debt collection efforts increased to ninety-five percent (95%) of all accounts receivables by mid-2024.
6. One hundred percent (100%) completion rate within 6 months of programmatic request for financial management reporting and analysis by mid-2024.

Equity Impacts

Community outreach and engagement:

DOL conducted broad outreach to support the entirety of its proposals for the 2024 Supplement Budget. This outreach included significant interaction with impacted stakeholders and DOL's PEAR Team. In total, DOL's full proposal has strong equity considerations that will be further discussed in other decision packages. However, this specific decision package stems entirely from internal workload constraints and does not lend itself to a high level of equity stakeholder interaction.

DOL's systems support every WA resident by ensuring efficient and effective delivery of licensing and identification services. Disruption or failure of DOL's systems can create access barriers to services and result in a cycle of adversity, which will contribute to disadvantages in many regional and remote communities. For example, disruption of drivers and vehicle systems, vehicle licensing offices, driver licensing offices, or the professional licenses system will result in barriers to equitable participation in licensing, and consequently will create a cyclical relationship between low rates of license participation, transport disadvantages, increased risk of injury, and increased risk of contact with the justice system. Experiencing difficulties or inability obtaining a Washington State Identification Card is highly prohibitive to accessing employment, education, and housing; it is fundamental to equity and social inclusion. Interrupted or delayed licensing services lead to disruption of business operations and license disqualification and sanctions, which will have a ripple effect on the most vulnerable families who already have reduced options for transport, and thereby reduced access to employment and essential services. This further marginalizes those experiencing financial hardship.

More specific to this proposal are issues that arise from under-resourced accounting and budget teams, principally including (1) timely paying accounts, which impacts small women, minority, and veteran-owned businesses disproportionately, and (2) hindering the implementation of strategic initiatives when a clear budget picture is unavailable.

Disproportional Impact Considerations:

Adding additional FTEs to the Accounting Services Unit will:

- Enable proactive process analysis to identify and support eliminating barriers in providing equitable services.
- Reduce processing times, resulting in quicker turnarounds for constituents' requests and services such as refunds and invoice processing for small or disadvantaged individuals who might be financially impacted by delays.

Equitable access to licensing reduces the barriers leading to transport disadvantage, subsequently increasing access to essential services, employment, education, and social opportunities. Transport disadvantage is directly related to reduced healthcare opportunities and unsafe road behaviors, such as driving unlicensed, unsafe, and overcrowded vehicles, which increases the risk of injury. Proper and continuous operations of the Department's systems (services) decrease the risk of failure of these critical systems and ensures equitable access to licensing services that are inclusive, responsive to business and individual needs of all residents of the State of Washington and are accessible to regional and remote communities. DOL will also take steps to ensure that improvements to services do not accidentally increase disparities in access. When making improvements that are not specifically designed to improve service for residents with disabilities, the agency will ensure that current accessibility is maintained or improved for persons using adaptive technologies or similar support resources.

Target Populations or Communities:

The Department of Licensing provides customer services to more than six million Washingtonians annually representing every demographic group in every geographic region in our state. The mission of DOL to help every Washington resident to live, work, drive, and thrive addresses multiple social determinants of equity including transportation and mobility, community and public safety, equity in jobs, and equity in government services. As a key revenue generating agency, DOL requires staffing necessary to process payments for licenses that allow Washingtonians to drive, own vehicles and vessels, and own and operate businesses. If funded, the personnel included in this proposal would ensure accuracy and expediency of revenue collection and distribution for better transparency and financial analysis.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

Agencies such as Department of Revenue, Department of Transportation, Office of Financial Management, and Tribal Nations rely on DOL for accurate and timely recording and reporting of revenues and other financial information.

Stakeholder Response:

Strong financial management activities that are adequately resourced allows DOL to more easily direct and manage its core resources (people, money, and technology) to better serve constituents to include professional licensees.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

Chapter 43.88 RCW
 Chapter 46.68 RCW
 Section 85.20 of the State Administrative and Accounting Manual
 ESHB 1109 – Established gated funding requirements
 OCIO 121 IT Investments – Approval and Oversight Policy

HEAL Act Agencies Supplemental Questions

N/A

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$0	\$527	\$527	\$527	\$527	\$1,054
Obj. A	\$0	\$77	\$77	\$77	\$77	\$154
Obj. B	\$0	\$182	\$182	\$182	\$182	\$364
Obj. B	\$0	\$24	\$24	\$24	\$24	\$48
Obj. E	\$0	\$80	\$80	\$80	\$80	\$160
Obj. E	\$0	\$20	\$20	\$20	\$20	\$40

Agency Contact Information

Collin Ashley
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 collin.ashley@dol.wa.gov



Agency Recommendation Summary

The Department of Licensing (DOL) requests \$1,571,000 in the 2023-25 biennium as part of its agency request legislation proposal to fund a Prorate and Fuel Tax Discovery team within the agency. When fully functioning in 2025-27, this unit is estimated to enhance prorate and motor vehicle fuel tax collection by \$15,762,000. The proposal will also help ensure a level playing field for businesses engaged in this industry by adding a civil investigation component to DOL's tax compliance framework.

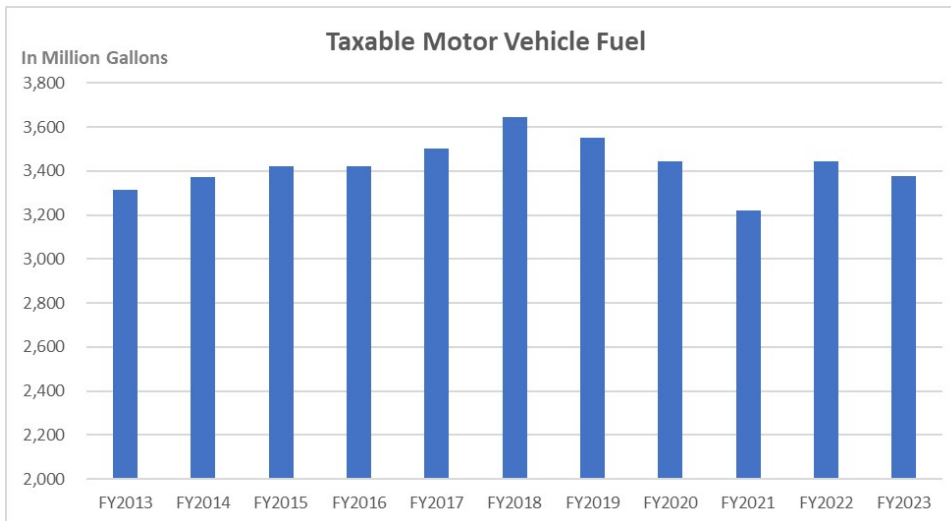
Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	3.5	14.0	8.75	14.0	14.0	14.0
Operating Expenditures						
Fund 108 - 1	\$0	\$1,571	\$1,571	\$1,127	\$1,127	\$2,254
Total Expenditures	\$0	\$1,571	\$1,571	\$1,127	\$1,127	\$2,254
Revenue						
108 - 0115	\$0	\$0	\$0	\$7,051	\$7,116	\$14,167
550 - 0115	\$0	\$0	\$0	\$794	\$802	\$1,596
Total Revenue	\$0	\$0	\$0	\$7,845	\$7,918	\$15,763

Decision Package Description

The fuel tax revenues received by DOL have notably slowed partially due to the prevalence of unreported or underreported taxable activities. Current laws should be updated to provide clarity and consistency. This request would allow:

- Additional revenues through civil investigation and detection of fraudulent activities.
- Authorize civil investigation by DOL.
- Fund additional staff and related systems upgrades for a new Investigation/Compliance unit.
- Allow for technical clean-up of statutes.



Eight years ago, Chapter 46.87 RCW (Proportional Registration), Chapter 82.38 RCW (Fuel Tax Act), and Chapter 82.42 (Aircraft Fuel Tax) went through a significant rewrite. These changes created a wholesale revision of these statutes. This included reducing the available license types, updating reporting requirements, clarifying where tax is applied, and modification of penalties. Recently, the state has seen decreases in forecasted fuel tax revenues. This decline is in part due to an increase in illegal or improper use of exempt or untaxed fuel and limited resources to identify investigatory needs.

In 2021, DOL completed two targeted assessments that identified gaps in statutory authority and the prevalence of unlicensed or evasive activity. The assessments found clear violations of reporting and license requirements. The full tax, penalty, and interest implications of these two assessments was over \$2.6 million dollars in negotiated payments to Washington State. Additionally, one business has since become compliant while the other stipulated to cease operating under their current prohibited model. Further investigations of activities are likely to recover significant tax revenue and encourage compliance.

This request will allow the Prorate and Fuel Tax Services program to increase fuel tax revenues through the detection and assessment of untaxed or unreported activity, provide additional support and clarity to customers on reporting obligations, and decrease unlicensed activity that create an unfair business advantage. The increase in investigations and compliance activities will increase confidence in the fuel tax system, provide additional resources for the public and fuel industry, and create a new program to deter illegal activities. By increasing the revenues collected, the proposal will increase the overall transportation budget thus resulting in more resources for safer roads, bridges, and other transportation programs.

This request has not been previously requested.

This request is intended to discourage evasion by businesses who may see non-reporting as a method to increase their profits and become unfairly competitive and address the gap in enforcement of civil violations. By protecting state revenues, additional funds will be available for safety-sensitive highway related repair projects.

The creation of a Department of Licensing “Prorate and Fuel Tax Discovery Team” will broaden collaborative work across the agency. Key stakeholders that have been identified for this proposal are as follows:

Stakeholders and interest groups affected:

- Western States Petroleum Association (WSPA)
- Washington Petroleum Markets Association (WPMA)
- Washington Trucking Association (WTA)
- International Fuel Tax Association
- Association of Washington Business (AWB)
- Washington Farm Bureau (WFB)

Government Agencies Affected:

- Washington State Patrol
- Department of Revenue
- Washington State Dept. of Transportation
- Department of Ecology
- Utilities and Transportation Commission
- Department of Commerce
- Governor's Office of Indian Affairs

The civil investigation authority created by this approach will parallel and support the existing criminal investigation resources committed to fuel tax enforcement by the Washington State Patrol. The creation of a parallel civil enforcement apparatus will enable the Department to detect and address lower-level violations through voluntary compliance or administrative escalations, which frees up criminal enforcement resources to attend to more nefarious actors and increases program revenue receipts.

The technical corrections proposed will clarify reporting requirements, leading to improved equity, which will both increase the ease of compliance for smaller or less savvy firms and decrease the complication and expense of enforcing those requirements on deliberately non-compliant actors.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

This request has not been previously requested.

Detailed Assumptions and Calculations:

Object Summary

Object of Expenditure	2024	2025	2026	2027
Salaries and Wages	-	573,000	573,000	573,000
Employee Benefits	-	201,000	201,000	201,000
Goods and Services	-	767,000	348,000	348,000
Travel	-	5,000	5,000	5,000
Equipment	-	25,000	-	-
Total By Object Type	-	1,571,000	1,127,000	1,127,000

Cash Receipts Summary

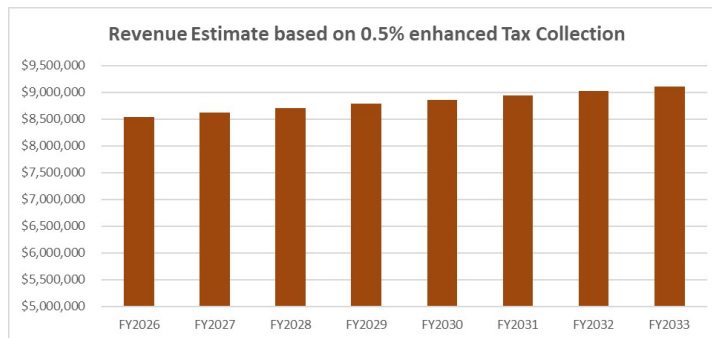
Account Totals		1,025,000	1,127,000	1,127,000	1,127,000
Revenue	Fund	2024	2025	2026	2027
Motor Vehicle	108	-	-	7,051,000	7,116,000
Transportation 2003 Account (Nickel Acc	550	-	-	794,000	801,000

In addition to the FTEs with standard FTE costs, this proposal is estimated to incur an additional \$24,000 in DOL legal costs each year. Additional legal support will be necessary to support the new civil investigation work as well as for review, advice, and agency rulemaking. Estimated legal costs for this proposal are based on DOL’s historical experience in adjudicating fuel tax disputes and information gained from interstate partners regarding the enactment of a similar program in Colorado.

Additionally, funds will be used to implement new upgrades to DOL systems. New upgrades include a Tax Discovery Module that will facilitate the detection of anomalous transactions and the importation of external data sources. Investigation and case management capabilities will be included in the upgrade package. These upgrades will enable the new staff resources requested by this proposal to efficiently harness DOL’s existing data to detect noncompliance and address violations with noncompliant parties.

Cash Receipts assumptions:

Estimated cash receipts, amounting to approximately \$7.8 million per year, are calculated as 0.5% of the current taxable gallons of fuel. The 0.5% figure is based on recent voluntary disclosure of fuel tax violations by unlicensed actors, non-criminal referrals from the Washington State Patrol, pending civil assessments based on existing authority, and general industry information. This amount reflects the likely collectible amount and is not an estimate of the total amount of unreported or underreported activity.



This estimate is based on the following assumptions:

- This proposal passed legislative session in FY2024 and implemented in FY2025.
- Additional revenue of estimated 0.5% current taxable gallons of gasoline and diesel fuel (dyed diesel and aircraft fuel are excluded from this estimate) as a result of this proposal’s implementation started to be collected in FY2026.
- June 2023 forecast for taxable gallons of gasoline and diesel fuel for Biennium 2025-27 is roughly 6.4 billion gallons.
- Tax rate remains \$0.494/gallon.

For the purposes of this cash receipts estimate, the estimated revenues only include the statutory tax liability arising from an unreported activity. Civil penalties or similar receipts are excluded from the estimate. Additionally, the cash receipts estimate only captures gasoline and diesel fuel statutory tax liabilities, with dyed diesel and aircraft fuel tax excluded. Estimated revenues are also assumed to be ongoing from the point of discovery, as the unlicensed or underreported activity will become reported fuel tax collections in the future.

Workforce Assumptions:

Staffing	Salary	2024	2025	2026	2027
Investigator 3	80,109	0.0	5.0	5.0	5.0
Office Assistant 3	45,552	0.0	1.0	1.0	1.0
WMS1	90,000	0.0	1.0	1.0	1.0
Total FTE		0.0	7.0	7.0	7.0

This request includes funding for 7 total FTEs to start up a fuel tax discovery team tasked with detecting and remediating fuel tax violations. This team includes five FTEs classed as Investigator 3s, one WMS 1 supervisor, and one Office Assistant 3.

The Investigator 3 positions will primarily be tasked with performing the direct investigative work. Duties will include identifying leads for review, performing a detailed review of records available to the Department, requesting subpoenas for additional records and supporting documents during the course of their investigation, performing interviews and other fact-finding activities, and preparing assessments for review and submission.

The WMS1 role will be a first-line supervisor providing oversight for the Investigator 3 positions. This position will be a reviewer of workloads, including distribution of leads to the Investigator 3 positions, provide decision-making authority on application of policy, and act as a final review point prior to the issuance of any assessment. This position will be responsible for ensuring the safety of the Investigator 3 positions, and for ensuring investigations remain within the scope of the fuel tax discovery mandate, including referral to law enforcement for any potential criminal activities identified.

The Office Assistant 3 position will assist the other positions in this package by scanning incoming documents, assisting with mailing and supplies, and organizing resources requested by the team. This position will also prepare and provide reports to the team and agency leaders and assist with correspondence and organization of records.

The 5 Investigator 3 FTEs will be tasked with the primary revenue-generating work featured in this request. Their duties include identifying leads for investigation using taxpayer filings and other information reported to the Department, requesting subpoenas for additional records and supporting documents during the course of their investigation, performing interviews and other fact-finding activities, and preparing assessments for review and submission.

Each investigator is expected to complete at least four revenue-generating investigations per year, in addition to pursuing other leads and inducing voluntary compliance through education and outreach.

Each investigation is expected to generate between \$250,000 to \$500,000 in new revenue. This estimate is reasonable given the financial scope of the sector and the participant firms, as well as DOL's historical experience. From just two targeted assessments in 2021, DOL assessed and recovered \$2.6 million in unpaid taxes, penalty, and interest. The revenues generated from any investigation will vary based on the size of the noncompliant firms identified through lead generation.

The WMS 1 and Office Assistant 3 FTEs are required to support the work of the team so that the Investigator positions are free to focus on revenue generating work.

Strategic and Performance Outcomes

Strategic Framework:

This request will allow the Prorate and Fuel Tax Services program to increase fuel tax revenues through the detection and assessment of untaxed or unreported activity, provide additional support and clarity to customers on reporting obligations, and decrease unlicensed activity that create an unfair business advantage. The increase in investigations and compliance activities will increase confidence in the fuel tax system, provide additional resources for the public and fuel industry, and create a new program to deter illegal activities. By increasing the revenues collected, the proposal will increase the overall transportation budget thus resulting in more resources for safer roads, bridges, and other transportation programs.

This request has not been previously requested.

This request is intended to discourage evasion by businesses who may see non-reporting as a method to increase their profits and become unfairly competitive and address the gap in enforcement of civil violations. By protecting state revenues, additional funds will be available for safety-sensitive highway related repair projects.

The creation of a Department of Licensing "Prorate and Fuel Tax Discovery Team" will broaden collaborative work across the agency. Key stakeholders that have been identified for this proposal are as follows:

Stakeholders and interest groups affected:

- Western States Petroleum Association (WSPA)
- Washington Petroleum Markets Association (WPMA)
- Washington Trucking Association (WTA)
- International Fuel Tax Association
- Association of Washington Business (AWB)
- Washington Farm Bureau (WFB)

Government Agencies Affected:

- Washington State Patrol
- Department of Revenue
- Washington State Dept. of Transportation
- Department of Ecology
- Utilities and Transportation Commission
- Department of Commerce
- Governor's Office of Indian Affairs

The civil investigation authority created by this approach will parallel and support the existing criminal investigation resources committed to fuel tax enforcement by the Washington State Patrol. The creation of a parallel civil enforcement apparatus will enable the Department to detect and address lower-level violations through voluntary compliance or administrative escalations, which frees up criminal enforcement resources to attend to more nefarious actors and increases program revenue receipts.

The technical corrections proposed will clarify reporting requirements, leading to improved equity, which will both increase the ease of compliance for smaller or less savvy firms and decrease the complication and expense of enforcing those requirements on deliberately non-compliant actors.

Performance Outcomes:

This proposal supports the Governor’s goals of Efficient, Effective and Accountable Government and Prosperous Economy by ensuring that the Department of Licensing fulfills its fiduciary duty of efficiently collecting prorate & fuel tax and stabilizing the agency revenue stream with bolstered fraud protection.

The funding of this decision package also aligns with the agency’s strategic priority of Equity of Inclusion. Specifically, the strategy of “Identify and remove service barriers in the agency’s internal business practices, procedures, policies, and rules.” The requested funding to stand up the Prorate and Fuel Tax Civil Discovery Unit will ensure that the program can equitably apply fuel tax requirements, and administrative actions to both small business and larger entities with highly complex filings.

Performance outcomes

- 1,000 filing/non-filing discrepancies reviewed by close of FY 2026
- Perform 20 revenue generating investigations by close of FY 2026
- \$7,000,000 in projected revenues increase due to enhanced fraud detection capabilities by close of FY 2026
- Over 500 education and outreach activities with industry partners and the general public by close of FY 2026

Equity Impacts

Community outreach and engagement:

We have engaged extensively with fuel-related industry associations, which represent numerous small and large businesses throughout Washington. We have vetted our proposed concept to ensure there are no unintended consequences and will continue to vet the specific language proposed to ensure the same.

Aspects of our proposal stem directly from feedback from affected stakeholders during recent years. We’ve included these concepts in the proposal to promote equity and competitive fairness in the industry.

How did your agency revise this proposal based upon the feedback provided through your community outreach and engagement?

No revisions have yet been requested by external groups.

Disproportional Impact Considerations:

We do not anticipate that new inequities will be introduced through this proposal. Clarifying legal requirements and appeal procedures will specifically benefit smaller firms in the fuel industry that lack sophisticated legal resources or in-house counsel. This proposal levels the playing field between small and larger firms by making requirements easier to understand. This proposal also levels the playing field among all firms by ensuring that all firms are abiding by the same requirements and noncompliant firms are not permitted to gain an unfair advantage by evading their legal obligations.

Target Populations or Communities:

All Washingtonians will benefit from the increased revenue generated by this proposal, which can be used to fund Washington’s transportation infrastructure. Infrastructure projects supported by these funds could include the construction or maintenance of sidewalks, bike lanes, or other projects that promote community safety.

Various segments of the fuel industry will benefit from the technical clarifications and corrections included in the proposal, as well as the department’s increased ability to respond to noncompliant behavior.

Law abiding firms will benefit from the department’s increased ability to address unlicensed activity that creates an unfair business advantage for noncompliant firms.

Amendments in the proposal clarify requirements and create efficiencies and transparency of licensure, remittance, and program processes for both small and large companies.

The fuel tax discovery team will be empowered to establish additional resources to provide education and guidance to both small and large companies, as well as to the public.

Local, state, and federal governments and IFTA/IRP/FTA partners will benefit from improved reporting, data, and tax remittance that will be induced by this proposal.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

This proposal includes the addition of several fully funded, permanent positions within the Department. No changes to existing collective bargaining agreements, compensation, or benefits as applied by the Department currently, is anticipated.

Intergovernmental:

Intergovernmental

Agency	Name & Phone Number	Position of the legislation (Support/Oppose/Neutral)
Washington State Patrol	Ron Rupke, (360) 596-4019 Ron.Rupke@wsp.wa.gov	Support
Department of Revenue	Steve Ewing (360) 534-1545 SteveE2@dor.wa.gov	Neutral
Washington State Dept. of Transportation	Travis Snell (360) 688-3528 SnellTr@wsdot.wa.gov	Neutral
Department of Ecology	Ken Camp (360) 628-0079 ken.camp@ecy.wa.gov	Neutral
Utilities and Transportation Commission	Jason Lewis (360) 664-1206 jason.lewis@utc.wa.gov	Pending
Department of Commerce	Dave Pringle (360) 918-6033 dave.pringle@commerce.wa.gov	Neutral
Governor's Office of Indian Affairs	Craig Bill (360) 902-8826 craig.bill@goia.wa.gov	Pending

Stakeholder Response:

Stakeholder impacts

Organization	Name & Phone Number	Position of the legislation (Support/Oppose/Neutral)
Western States Petroleum Association (WSPA)	Jessica Spiegel; jspiegel@wspa.org	Neutral
Washington Petroleum Markets Association (WPMA)	Lea McCullough; (206) 718-7662 lea@waoil.org	Pending
Washington Trucking Association (WTA)	Sheri Call; (253) 569-8310 sheri@watrucking.org	Support
International Fuel Tax Association	Carmen Martorana; (716) 812-2102 cmartorana@iftach.org	Pending
Association of Washington Business (AWB)	Mike Emis; mikeE@awb.org	Neutral
Washington Farm Bureau	Bre Elsey; belsey@wsfb.com	Pending
National Federation of Independent Business	Patrick Connor; Patrick.Connor@nfib.org	Pending

State Facilities Impacts:

This request does not involve a request for any additional capital budget requests outside of the necessary equipment to support an FTE(s).

Changes from Current Law:

The program anticipates the following changes to current law (Chapters 46.87, 82.38, and 82.42 RCW):

Revenue generation – This proposal includes clarification in the application of penalty and interest, as well as the addition of enforcement authority for violations which are civil in nature.

Program Efficiencies – Additional clarifications and the removal of contradictory or confusing statutes will improve the effectiveness of staff, will remove ambiguity in work review, and allow for additional clarification on items that have been recommended for update by the program Assistant Attorneys General.

Technical Corrections – Changes to existing statute of a technical nature (such as updating references to federal statutes that have been repealed and replaced) will further help with clarity, revenue, compliance, and efficiency in the program. These technical corrections will also likely reduce potential litigation by establishing clear statute without a need for judicial direction in its application.

Legal or Administrative Mandates:

This proposal is not in response to any existing legal or administrative mandates.

HEAL Act Agencies Supplemental Questions

N/A

Reference Documents

- [2023-25PrioritizationWorksheetIT PRFT.xlsx](#)
- [2024 IT ADDENDUM.docx](#)
- [Z-0450.1.pdf](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

Yes

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$0	\$573	\$573	\$573	\$573	\$1,146
Obj. B	\$0	\$201	\$201	\$201	\$201	\$402
Obj. E	\$0	\$767	\$767	\$348	\$348	\$696
Obj. G	\$0	\$5	\$5	\$5	\$5	\$10
Obj. J	\$0	\$25	\$25	\$0	\$0	\$0

Agency Contact Information

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2024 IT ADDENDUM

Only use this addendum if your decision package includes IT costs

Part 1: Itemized IT costs

Complete the [2023-25 IT Fiscal Estimate Workbook](#). This workbook will identify the IT portion of the decision package.

In the workbook, agencies must itemize all IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff as required in ESSB 5693 Sec. 150(4)(a)(i-ix).

Part 2: Questions that support the reuse of existing state resources

To ensure effective reuse of existing state resources, all IT investments — including project IT expenditures — are expected to comply with IT statutes and policies. The answer to these questions will help OCIO and OFM determine if the decision package will be funded.

- Does this investment provide for acquisition of, or enhancement to, an administrative or financial system? Yes No

- If Yes, has this decision package gone through the Administrative and Financial System review as required in [\(SAAM\) section 80.30.88](#)? Yes No
 - If Yes, attach the approval letter.
 - If No, do not submit the decision package. Recommendation will be “Do Not Fund”.

- Does this decision package fund the acquisition or enhancement of equipment or facilities in any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
 - If yes, do you have an approved waiver to proceed with this proposed investment? Yes No
 - If Yes, attach a copy of the waiver approval.
 - If No, do not submit this decision package. Recommendation will be “Do Not Fund”.

- For Health and Human Services agencies (HHS Coalition) DCYF, DOH, DSHS, HCA and Washington Health Benefit Exchange, has this project been screened for inclusion in the HHS Coalition portfolio? N/A Yes No
 - If Yes, this is part of the HHS Coalition portfolio, has this project received HHS Coalition project initiation approval? Yes No N/A
 - If answer to the first HHS Coalition question is Yes (or N/A for second question), attach approved HHS Coalition Project Initiation Form.
 - If No to either HHS question, do not submit the decision package. Recommendation will be “Do Not Fund”.

Part 3: Maintenance and policy level decision packages

Answers to these questions will be used in part to determine if the decision package will be evaluated and ranked by the OCIO as required by RCW 43.88.092.

A. Does this decision package fund the acquisition or expansion of computer hardware capacity? Yes No

If Yes, where will the hardware solution be hosted? State Data Center
 External Cloud

B. Does this decision package fund the development or acquisition of a new or enhanced software solution or service? Yes No

• If Yes, where will the software solution be hosted? State Data Center

External Cloud

• If response to question B is Yes, do you expect this to solution to exchange information with the state financial system (AFRS) or the OneWA solution? Yes No

• If response to question B is Yes, will this investment renew or procure facial recognition service? Yes No

C. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121.](#)) Yes No

If Yes, name the project:

(Project name published on the [IT Dashboard](#))

If your decision package is maintenance and you answered “yes” to any of the above questions in Part 3, you must answer the questions in Part 4 below to finish the IT Addendum. All policy decision packages must answer question in Part 4.

Part 4: IT Investment Questions

Please provide a response to the following questions. Responses will be evaluated and ranked by the OCIO as required by [RCW 43.88.092](#). Chapter 10 of the operating budget instructions contains the criteria used to evaluate 2021-23 decision packages.

AGENCY READINESS

Due diligence

1. Summarize the feasibility or due diligence work completed in support of this decision package. Attach a copy of the feasibility study or other documentation of due diligence to the decision package.

Funding from this decision package will ensure proper and efficient operations of the Department of Licensing (DOL) Prorate and Fuel Tax (PRFT) application (GenTax) and will allow the fuel tax discovery (investigations) team to identify, investigate, and assess unreported or underreported fuel tax collections. This enhancement includes the ability to investigate both licensed and unlicensed entities, collect and compile both new and existing data, and issue assessments, including through the appeal and collection process.

The data points that are consolidated to estimate the feasibility of upgrade are:

- Loss of revenue (Tax collection, due to investigations and assessments, will increase 7-8 million dollars per year.)

- Investigations of this nature are protected under statute and should remain segregated from normally disclosable business data already collected.
- Must be able to revoke license or bring the customer into compliance.
- The discovery module is using existing technology and architecture. Requires configuration only.

Governance and management

2. What governance processes will support this project? Examples of governance processes include appropriately placed executive sponsor, representative steering committee, resourced vendor/contract management, change control, and incorporating stakeholder feedback into decision making processes. Provide examples of how your proposed budget includes adequate funding and planning for governance processes, if applicable.

DOL has an existing Executive Management governance process that has been in place for the past 5 years to govern all major projects. The governance board reviews monthly status, scope, budget, risks and responds timely to decisions and risks. An integrated agency staffing plan is used to monitor resources committed to project(s) to ensure operational impacts are considered along with over commitment of resources. An internal DOL OCM Program is established and is a cultural expectation for the agency for all change including project initiatives.

Existing change control process allows DOL to capture and evaluate every request to change the existing system/system portfolio, because the consequential effects of unmanaged change may be far-reaching to business-as-usual activities. This process allows the Department to conduct a detailed evaluation of the success criteria, benefits, scope, quality, time, resources, risks, stakeholder engagement, and any other criteria important to continuous operations of PRFT.

The Department's vendor and contract management process allow the Department to take appropriate measures for controlling costs, mitigate potential risks, and ensure increased value from vendors in the long run. This includes researching the right contract, metrics and relationship, sourcing, obtaining pricing information, evaluating performance by setting organizational standards, meeting mission critical objectives, minimizing potential disruption of operations, and avoiding delivery failure. With current vendor relationships, Contract Managers communicate with the vendor to monitor performance and ensure deliverables are being met; review and approve invoices; and work closely with DOL Contracts experts to execute contract amendments, suspensions, terminations, etc.

DOL has executed multiple technology modernization projects to date and has improved its governance processes with lessons learned from each implementation.

Planning and readiness

3. Describe how your agency will resource the project management of this project. Will in-house resources be used, or will resources be acquired? How has organizational change management been factored into planning and approach? Has the project requested a project management approach to be used for this project? Describe whether project and organizational change management resources are included in this request or will be provided by in-kind resources. Describe whether the proposed budget includes costs associated with independent quality assurance.

The package is asking for funding to make the necessary system changes by the vendor and to acquire resources for testers, PM, BA, Security and Architect Services. The project would follow the project management approach.

DOL Enterprise Project Management Office (EPMO) performs project planning, and monitors and controls processes aligned to OCIO Standard 112.30 Managing Information Technology Portfolio – Projects. DOL IT projects are managed by the EPMO by an experienced project manager. The EPMO has a defined process for project selection and prioritization. A project charter is developed to ensure the project is approved, funded, resourced, and prioritized to meet the requirements outlined in the strategic planning process.

DOL also has an established architecture governance in place, the Strategic Innovation & Architecture Team. The purpose of this team, comprised of business and IT strategists, is to evaluate new technology to ensure it aligns with federal and state guidelines, OCIO policy, industry best practices, and DOL's architectural principles and portfolio.

Strategic and Technical alignment

4. Using specific examples, describe how this investment aligns with strategic elements of the Enterprise Technology Strategic Plan. Examples of strategic principles that tie back to tenets of the strategic plan include, but are not limited to: buy don't build, solutions hosted on modern hosting solutions, solutions promoting accessibility, early value delivery of functionality throughout the project, and modular implementation of project features.

Maintaining the Department's critical systems and licenses aligns with the Enterprise Technology Strategic Plan Goal #4 Enterprise Architecture, as this strategic technology investment supports common business needs/functions by identifying common business practices that can be supported by shared solutions and through modernizing infrastructure and applications. It also creates opportunities for operational efficiency and improves constituent access to services (Goal #1 Efficient and Effective Government).

The proposed effort also aligns to DOL's Strategic Plan, supporting strategic goals of Safer Data, Safer Drivers, Safer professions, and easy and equitable access to our PRFT licensing options. The system is currently hosted in private FAST Hosting Services cloud. After July 2024, the system will be hosted on premises with DRIVES.

Efficient and Effective Government – the Department's investment in adding the new Tax Discovery Module, will increase the collection of revenue 7 – 8 million dollars per year, through proper and efficient operations of investigating, and assessing unreported or underreported fuel tax collections. It will allow the agency to revoke a license or bring the customer into compliance.

Enterprise Architecture – investing in improving existing systems allows the Department to optimize on the return on investment. Cost savings are realized by improving business processes that support a high quality of customer service. Assurances on existing technologies, which provide common business services, help sustain trusted service to our customers. DOL administers the state's fuel tax for Motor Vehicle Fuel, Special Fuel, and Aviation Fuel Tax collection and refunds program, as well as administering the International Registration Plan program, International Fuel Tax Association program, and tribal fuel compacts with over 17,500 active customers. Prorate and fuel tax services collect approximately \$1.7

billion in annual revenue for the state's transportation system. Maintaining these services enhances customer trust and generates revenue for the state.

Technical alignment: Covered above

Reuse and interoperability

5. Does the proposed solution support interoperability and/or interfaces of existing systems within the state? Does this proposal reuse an existing solution or existing components of a solution already in use elsewhere in the state? If the solution is a new proposal, will it allow for such principles in the future? Provide specific examples.

GenTax is supported by FAST Enterprises, which also supports another major DOL business system, DRIVES. Having a common vendor supporting multiple DOL products means changes are similar and repeatable between DOL business product lines. FAST also is a reputable vendor, and the product is used in many other Washington State agencies. The system is flexible and configurable using the existing core architecture to add any new features including, but not limited to interfaces for exchanging the data, batch jobs, and new functionality w/o having to develop from scratch.

PRFT supports the exchange of information with the following key partners:

- International Fuel Tax Association (IFTA)
- International Registration Plan Inc. (IRP)
- State Treasurer
- Department of Ecology
- Department of Enterprise Services
- Federal Motor Carrier Safety Administration (FMCSA)
- Department of Transportation
- AFRS (Revenue transactions)
- DRIVES
- Internal Revenue Service
- Federal Highway Administration (FHWA)

The availability of these interfaces is crucial to the success of DOL and its business partners.

Business alignment

Business driven technology

6. What are the business problems to be addressed by the proposed investment? These business problems should provide the basis for the outcome discussion below. Describe how end users (internal and external) will be involved in governance and implementation activities.

The following business goals are addressed by investment in system improvement and enhancement:

- Continued Revenue Stream – Increases the collection of taxes 7 – 8 million dollars per year.
- System and Service availability – This decision package ensures DOL has adequate funding to implement a Tax Discovery module for the purpose of audit, collection, and compliance of non-reported or under-reported fuel taxes.
- Regulatory Requirements – DOL's business model relies on the system data to accurately distribute the revenue collected through the fuel tax operations within the state.

Measurable business outcome

DOL will measure the following business outcomes:

- Tax Investigation Unit will be provided the tools to audit and track the under-reported and non-reported fuel tax.
- Bring non-reported fuel tax customers into compliance with state requirements.
- Increase tax collection revenues.

Decision Package Urgency

Failure to implement the new Tax Discovery module will introduce the following potential risks.

- Loss of revenue
- Non-compliance
- Lack of accountability

To ensure our commitment to providing on going services to our constituents, this decision package purpose is to guarantee the agency conducts online business in a safe, secure, equitable, and efficient manner.

Part 2: Questions about facial recognition and supporting the reuse of existing state resources

- Will this investment renew or procure a facial recognition service? Yes No
- Does this investment provide for acquisition of, or enhancement to, an administrative or financial system as required by [technology policy 122 - administrative and financial system investment approval](#) ? Yes No
 - If **Yes** to question B, has this decision package obtained OCIO and OFM Administrative and Financial System review approval? Yes No
 - If **Yes**, attach the approval letter.
 - If **No**, the decision package should not be submitted. Recommendation will be “Do Not Fund.”
- For DCYF, DOH, DSHS, HCA and the Washington Health Benefit Exchange only: Has this project been screened for inclusion in the HHS Coalition portfolio? Yes No
- Does this decision package support the adoption of modern, cloud-based technologies? Yes No

Part 3: Maintenance level decision packages

The questions in Part 3 are for **Maintenance level** decision packages and need to be answered. (If this is a policy-level decision package, skip Part 3 questions and respond to all questions in Part 4 and Part 5.)

- Is this renewal for an existing software or subscription? Yes
- Does this continue a current maintenance contract? No
- Does this decision package fund the acquisition or expansion of hardware capacity? Yes No
- If **Yes**, where is the hardware solution hosted? State Data Center. Yes No
- External Cloud. No

Other location.

Is this a routine, planned replacement of aging hardware or equipment?

If **Yes**, where will the hardware solution be hosted? State Data Center.

Yes

External Cloud. No

Other location.

Has the agency performed research to determine if a modern cloud solution is available for this maintenance investment?

N/A - The current solution is already cloud based

Yes

No

Part 4: Policy level decision packages

The questions in Part 4 are general questions for **policy-level** decision packages.

A. Type of Investment - Identify the most relevant decision package investment classification from the following list (select one):

Addresses technical debt.

Cloud advancement.

Continues existing project.

Critical hardware upgrade.

Improves existing service.

Introduces new capabilities.

System modernization.

B. Does this decision package fund the acquisition, development, enhancement, or replacement of a new or existing software solution?

Yes

No

If **Yes**, where will the software solution be hosted? State Data Center

External Cloud

Other location.

C. Do you expect this solution to exchange information with the state financial system (AFRS) or the OneWA solution (WorkDay)?

Yes No

D. Does this decision package fund the acquisition or expansion of hardware capacity?

Yes No

If **Yes**, where will the hardware solution be hosted? State Data Center

External Cloud

Other location.

E. Does this decision package fund the continuation of a project that is under OCIO oversight? (See [Technology policy 121.](#))

Yes

No

If Yes, name the project:

(Project name published on the [IT Dashboard](#))

Part 5: IT investment prioritization and scoring questions

All policy level decision packages must provide a response to the following questions. Responses will be evaluated and ranked by the OCIO as required by [RCW 43.88.092](#). The criteria scoring scale being used by the OCIO to evaluate and rank decision packages is available on the OCIO [Decision Package Prioritization](#) website. See [23-25 Decision Package Prioritization Criteria](#).

Agency Readiness

Due diligence. Summarize the research, feasibility or due diligence work completed to support this decision package. Attach a copy of the feasibility study or other documentation of due diligence to the decision package.

Governance and management. What governance processes will support this project? Examples of governance processes include appropriately placed executive sponsor, representative steering committee, resourced vendor/contract management, change control, and incorporating stakeholder feedback into decision making processes. Provide examples of how your proposed budget includes adequate funding and planning for governance processes, if applicable.

Planning and readiness. Describe how your agency will resource the implementation of this investment request. Will in-house resources be used, or will resources be acquired? How has organizational change management been factored into planning and approach? Does the investment require a project management approach to be used? Describe whether project and organizational change management resources are included in this request or will be provided by in-kind resources. Describe whether the proposed budget includes costs associated with independent quality assurance.

Technical alignment

Strategic and technical alignment. Using specific examples, describe how this investment aligns with strategic and technical elements of the [Information Technology Strategic Plan](#). Examples of strategic principles that tie back to tenets of the strategic plan include, but are not limited to, advance digital government, support use of common and shared technologies across agencies, improve the Washington customer experience across digital channels, strengthen privacy capacity in state and local government. Examples of technical principles that tie back to tenets of the strategic plan include but are not limited to; adoption of modern cloud-hosted technologies, provide proactive cybersecurity capabilities, reduce technical debt, expand integration between systems.

Reuse and interoperability. Does the proposed solution support interoperability and/or interfaces of existing systems within the state? Does this proposal reuse an existing solution or existing components of a solution already in use elsewhere in the state? If the solution is a new proposal, will it allow for such principles in the future? Provide specific examples.

Business alignment

Business driven technology. What are the business problems to be addressed by the proposed investment? These business problems should provide the basis for the outcome discussion below. Describe how end users (internal and external) will be involved in governance and implementation activities.

Measurable business outcome. Describe and quantify the specific performance outcomes you expect from this funding request. Provide specific examples of business outcomes in use within your agency, and how those outcomes will be improved because of this technology investment. Does the response align with the measurable business outcomes identified in the Strategic and Performance Outcomes in

Chapter 2 of the 2023-25 budget instructions? What outcomes and results, either positive or negative will occur? Identify all Lean initiatives and their expected outcomes. Include incremental performance metrics.

Decision package urgency

During the evaluation and ranking process, the OCIO will take into consideration, the urgency of the decision package request. Describe the urgency of implementing the technology investment in this cycle and the impacts to business if it does not proceed as planned.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0450.1/24

ATTY/TYPIST: CL:akl

BRIEF DESCRIPTION: Enhancing prorated and fuel tax collections by improving taxpayer compliance, providing additional enforcement mechanisms, and protecting confidential taxpayer information.

1 AN ACT Relating to enhancing prorate and fuel tax collections by
2 improving taxpayer compliance, providing additional enforcement
3 mechanisms, and protecting confidential taxpayer information;
4 amending RCW 46.87.020, 46.87.080, 46.87.350, 82.38.020, 82.38.072,
5 82.38.120, 82.38.140, 82.38.170, 82.38.220, 82.38.260, 82.38.270,
6 82.38.380, 82.42.118, and 82.42.210; reenacting and amending RCW
7 82.42.010; adding new sections to chapter 82.38 RCW; adding new
8 sections to chapter 82.42 RCW; prescribing penalties; and providing
9 an effective date.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 **Sec. 1.** RCW 46.87.020 and 2015 c 228 s 2 are each amended to
12 read as follows:

13 Provisions and terms used in this chapter have the meaning given
14 to them in the international registration plan (IRP), in chapter
15 46.04 RCW, or as otherwise defined in this section. Definitions given
16 to terms by the IRP prevail unless given a different meaning in this
17 chapter or in rules adopted under authority of this chapter.

18 (1) "Adequate records" are records maintained by the owner of the
19 fleet sufficient to enable the department to verify the distances
20 reported in the owner's application for apportioned registration and
21 to evaluate the accuracy of the owner's distance accounting system.

1 (2) "Apportionable vehicle" has the meaning given by the IRP,
2 except that it does not include vehicles with a declared gross weight
3 of (~~twelve thousand~~) 12,000 pounds or less.

4 (3) "Cab card" is a certificate of registration issued for a
5 vehicle.

6 (4) "Credentials" means cab cards, apportioned plates, temporary
7 operating authority, and validation tabs issued for proportionally
8 registered vehicles.

9 (5) "Declared combined gross weight" means the total unladen
10 weight of any combination of vehicles plus the maximum weight of the
11 load to be carried on the combination of vehicles as declared by the
12 registrant.

13 (6) "Declared gross weight" means the total unladen weight of any
14 vehicle plus the maximum weight of the load to be carried on the
15 vehicle as declared by the registrant. In the case of a bus, auto
16 stage, or a passenger-carrying for hire vehicle with a seating
17 capacity of more than six, the declared gross weight is determined by
18 multiplying (~~one hundred fifty~~) 150 pounds by the number of seats
19 in the vehicle, including the driver's seat, and adding this amount
20 to the unladen weight of the vehicle. If the resultant gross weight
21 is not listed in RCW 46.17.355, it must be increased to the next
22 higher gross weight authorized in chapter 46.44 RCW.

23 (7) "Department" means the department of licensing.

24 (8) "Fleet" means one or more apportionable vehicles.

25 (9) "In-jurisdiction distance" means the total distance, in
26 miles, accumulated in a jurisdiction during the reporting period by
27 vehicles of the fleet while they were a part of the fleet.

28 (10) "IRP" means the international registration plan.

29 (11) "Jurisdiction" means and includes a state, territory or
30 possession of the United States, the District of Columbia, the
31 Commonwealth of Puerto Rico, a foreign country, and a state or
32 province of a foreign country.

33 (12) "Motor carrier" means an entity engaged in the
34 transportation of goods or persons. "Motor carrier" includes a for-
35 hire motor carrier, private motor carrier, exempt motor carrier,
36 registrant licensed under this chapter, motor vehicle lessor, and
37 motor vehicle lessee.

38 (13) "Owner" means a person or business who holds the legal title
39 to a vehicle, or if a vehicle is the subject of an agreement for its
40 conditional sale with the right of purchase upon performance of the

1 conditions stated in the agreement and with an immediate right of
2 possession vested in the conditional vendee, or if a vehicle is
3 subject to a lease, contract, or other legal arrangement vesting
4 right of possession or control, for security or otherwise, or if a
5 mortgagor of a vehicle is entitled to possession, then the owner is
6 deemed to be the person or business in whom is vested right of
7 possession or control.

8 ~~((13) [(14)])~~ (14) "Person" means any individual, partnership,
9 association, public or private corporation, limited liability
10 company, or other type of legal or commercial entity, including its
11 members, managers, partners, directors, or officers.

12 ~~((14) [(15)])~~ (15) "Prorate percentage" is the factor applied
13 to the total proratable fees and taxes to determine the apportionable
14 fees required for registration in a jurisdiction. It is determined by
15 dividing the in-jurisdiction distance for a particular jurisdiction
16 by the total distance.

17 ~~((15) [(16)])~~ (16) "Registrant" means a person, business, or
18 corporation in whose name or names a vehicle or fleet of vehicles is
19 registered.

20 ~~((16) [(17)])~~ (17) "Registration year" means the ~~((twelve))~~ 12-
21 month period during which the credentials issued by the base
22 jurisdiction are valid.

23 ~~((17) [(18)])~~ (18) "Reporting period" means the period of
24 ~~((twelve))~~ 12 consecutive months immediately prior to July 1st of the
25 calendar year immediately preceding the beginning of the registration
26 year for which apportioned registration is sought. If the fleet
27 registration period commences in October, November, or December, the
28 reporting period is the period of ~~((twelve))~~ 12 consecutive months
29 immediately preceding July 1st of the current calendar year.

30 ~~((18) [(19)])~~ (19) "Total distance" means all distance operated
31 by a fleet of apportioned vehicles. "Total distance" includes the
32 full distance traveled in all vehicle movements, both
33 interjurisdictional and intrajurisdictional, including loaded,
34 unladen, deadhead, and bobtail distances. Distance traveled by a
35 vehicle while under a trip lease is considered to have been traveled
36 by the lessor's fleet. All distance, both interstate and intrastate,
37 accumulated by vehicles of the fleet is included in the fleet
38 distance.

39 (20) "Deny" means to decline acceptance of an application for
40 licensure or reinstatement.

1 (21) "Refuse" has the same meaning as "deny" in subsection (20)
2 of this section.

3 (22) "Revoke" means to prohibit all authority granted by this
4 chapter, including the display and use of credentials issued by the
5 department for a period of one year or greater or for an indefinite
6 period.

7 (23) "Suspend" means to restrict the grant of authority under
8 this chapter for a period of less than one year.

9 **Sec. 2.** RCW 46.87.080 and 2015 c 228 s 10 are each amended to
10 read as follows:

11 (1) Upon making satisfactory application and payment of fees and
12 taxes for proportional registration under this chapter, the
13 department must issue credentials. License plates must be displayed
14 as required under RCW 46.16A.200(5). The license plates must be of a
15 design determined by the department. The license plates must be
16 treated with reflectorized material and clearly marked with the words
17 "WASHINGTON" and "APPORTIONED," both words to appear in full and
18 without abbreviation.

19 (2) The cab card is the certificate of registration for the
20 vehicle. The cab card must contain the name and address of the
21 registrant as maintained in the records of the department, the
22 license plate number assigned to the vehicle, the vehicle
23 identification number, and other information the department may
24 require. The cab card must be signed by the registrant, or a
25 designated person if the registrant is a business, and must always be
26 carried in the vehicle.

27 (3) The apportioned license plates are not transferable. License
28 plates must be legible and remain with the vehicle until the
29 department requires them to be removed.

30 (4) Validation tab(s) of a design determined by the department
31 must be affixed to the license plate(s) as prescribed by the
32 department and indicate the month and year for which the vehicle is
33 registered.

34 (5) A fleet vehicle properly registered is deemed to be fully
35 registered in this state for any type of legal movement or operation.
36 In instances in which a permit or grant of authority is required for
37 interstate or intrastate operation, the vehicle must not be operated
38 in interstate or intrastate commerce unless the owner is granted the

1 appropriate operating authority and the vehicle is being operated in
2 conformity with that permit or operating authority.

3 (6) The department may deny, suspend, or revoke the credentials
4 authorized under subsection (1) of this section to any person: (a)
5 Who formerly held any type of license, registration, credentials, or
6 permit issued by the department pursuant to chapter 46.16A, 46.44,
7 46.85, ~~((46.87,))~~ or 82.38 RCW or this chapter that has been revoked
8 for cause, which cause has not been removed; (b) who is a subterfuge
9 for the real party in interest whose license, registration,
10 credentials, or permit issued by the department pursuant to chapter
11 46.16A, 46.44, 46.85, ~~((46.87,))~~ or 82.38 RCW or this chapter and has
12 been revoked for cause, which cause has not been removed; (c) who, as
13 a person, individual licensee, or officer, partner, director, owner,
14 or managing employee of a nonindividual licensee, has had a license,
15 registration, or permit issued by the department pursuant to chapter
16 46.16A, 46.44, 46.85, ~~((46.87,))~~ or 82.38 RCW or this chapter that
17 has been revoked for cause, which cause has not been removed; (d) who
18 has an unsatisfied debt to the state assessed under either chapter
19 46.16A, 46.44, 46.85, ~~((46.87,))~~ 82.38, or 82.44 RCW or this chapter;
20 or (e) who, as a person, individual licensee, officer, partner,
21 director, owner, or managing employee of a nonindividual licensee,
22 has been prohibited from operating as a motor carrier by the federal
23 motor carrier safety administration or Washington state patrol and
24 the cause for such prohibition has not been satisfied.

25 (7) ~~((Before such denial, suspension, or revocation under
26 subsection (6) of this section))~~ Any action initiated under
27 subsection (6) of this section may be immediately issued as a notice
28 of the adverse action. Upon service of that notice, the applicant,
29 registrant, or owner must be granted 30 calendar days to request a
30 review by the department on the action. If a timely request to review
31 is received, the department must grant the applicant, registrant, or
32 owner ~~((an informal hearing))~~ a review and at least ~~((ten))~~ 10 days
33 written notice of the time ~~((and))~~, place, and method of the
34 ~~((hearing))~~ review. If no request is received by the department, the
35 action becomes final and subject to the provisions of RCW 46.87.300.

36 **Sec. 3.** RCW 46.87.350 and 2015 c 228 s 33 are each amended to
37 read as follows:

38 If a person is delinquent in the payment of any obligation, the
39 department may give notice of the amount of the delinquency, in

1 person (~~(or)~~), by mail, or through electronic service, to persons
2 having possession or control of credits or personal and real property
3 belonging to the person, or owing any debts to the person. Any person
4 notified may not transfer or dispose of credits, personal and real
5 property, or debts without the consent of the department. A person
6 notified must, within (~~(twenty)~~) 20 days after receipt of the notice,
7 advise the department of any credits, personal and real property, or
8 debts in his or her possession, under his or her control or owing by
9 him or her, and must immediately deliver the credits, personal and
10 real property, or debts to the department.

11 If a person fails to timely answer the notice, a court may render
12 judgment by default against the person.

13 The notice and order to withhold and deliver constitutes a
14 continuing lien on property of the person. The department must
15 include in the notice to withhold and deliver "continuing lien." The
16 effective date of a notice to withhold and deliver is the date of
17 service.

18 **Sec. 4.** RCW 82.38.020 and 2013 c 225 s 102 are each amended to
19 read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Blended fuel" means a mixture of fuel and another liquid,
23 other than a de minimis amount of the liquid.

24 (2) "Blender" means a person who produces blended fuel outside
25 the bulk transfer-terminal system.

26 (3) "Bond" means a bond duly executed with a corporate surety
27 qualified under chapter 48.28 RCW payable to the state of Washington
28 conditioned upon faithful performance of all requirements of this
29 chapter.

30 (4) "Bulk transfer-terminal system" means the fuel distribution
31 system consisting of refineries, pipelines, vessels, and terminals.
32 Fuel in a refinery, pipeline, vessel, or terminal is in the bulk
33 transfer-terminal system.

34 (5) "Bulk transfer" means a transfer of fuel by pipeline or
35 vessel.

36 (6) "Bulk storage" means the placing of fuel into a receptacle
37 other than the fuel supply tank of a motor vehicle.

38 (7) "Department" means the department of licensing.

1 (8) "Distributor" means a person who acquires fuel outside the
2 bulk transfer-terminal system for importation into Washington, from a
3 terminal or refinery rack located within Washington for distribution
4 within Washington, or for immediate export outside the state of
5 Washington.

6 (9) "Dyed special fuel user" means a person authorized by the
7 internal revenue code to operate a motor vehicle on the highway using
8 dyed special fuel, in which the use is not exempt from the fuel tax.

9 (10) "Evasion" or "evade" means to diminish or avoid the
10 computation, assessment, or payment of authorized taxes or fees
11 through:

12 (a) A knowing: False statement; omission; misrepresentation of
13 fact; or other act of deception;

14 (b) An intentional: Failure to file a return or report; or other
15 act of deception; or

16 (c) The unlawful use of dyed special fuel.

17 (11) "Exempt sale" means the sale of fuel to a person whose use
18 of fuel is exempt from the fuel tax.

19 (12) "Export" means to obtain fuel in this state for sales or
20 distribution outside the state. Fuel distributed to a federally
21 recognized Indian tribal reservation located within the state of
22 Washington is not considered exported outside this state.

23 (13) "Exporter" means a person who purchases fuel physically
24 located in this state at the time of purchase and directly exports
25 the fuel by a means other than the bulk transfer-terminal system to a
26 destination outside of the state. If the exporter of record is acting
27 as an agent, the person for whom the agent is acting is the exporter.
28 If there is no exporter of record, the owner of the fuel at the time
29 of exportation is the exporter.

30 (14) "Fuel" means motor vehicle fuel or special fuel.

31 (15) "Fuel user" means a person engaged in uses of fuel that are
32 not specifically exempted from the fuel tax imposed under this
33 chapter.

34 (16) "Highway" means every way or place open to the use of the
35 public, as a matter of right, for the purpose of vehicular travel.

36 (17) "Import" means to bring fuel into this state by a means of
37 conveyance other than the fuel supply tank of a motor vehicle.

38 (18) "Importer" means a person who imports fuel into the state by
39 a means other than the bulk transfer-terminal system. If the importer
40 of record is acting as an agent, the person for whom the agent is

1 acting is the importer. If there is no importer of record, the owner
2 of the fuel at the time of importation is the importer.

3 (19) "International fuel tax agreement licensee" means a fuel
4 user operating qualified motor vehicles in interstate commerce and
5 licensed by the department under the international fuel tax
6 agreement.

7 (20) "Licensee" means a person holding a license issued under
8 this chapter.

9 (21) "Motor vehicle" means a self-propelled vehicle utilizing
10 fuel as a means of propulsion.

11 (22) "Motor vehicle fuel" means gasoline and any other
12 inflammable gas or liquid, by whatsoever name the gasoline, gas, or
13 liquid may be known or sold the chief use of which is as a fuel for
14 the propulsion of motor vehicles or vessels.

15 (23) "Natural gas" means naturally occurring mixtures of
16 hydrocarbon gases and vapors consisting principally of methane,
17 whether in gaseous or liquid form.

18 (24) "Person" means any individual, partnership, association,
19 public or private corporation, limited liability company, or any
20 other type of legal or commercial entity, including their members,
21 managers, partners, directors, or officers.

22 (25) "Position holder" means a person who holds the inventory
23 position in fuel, as reflected by the records of the terminal
24 operator. A person holds the inventory position if the person has a
25 contractual agreement with the terminal for the use of storage
26 facilities and terminating services. "Position holder" includes a
27 terminal operator that owns fuel in their terminal.

28 (26) "Rack" means a mechanism for delivering fuel from a refinery
29 or terminal into a truck, trailer, railcar, or other means of nonbulk
30 transfer.

31 (27) "Refiner" means a person who owns, operates, or otherwise
32 controls a refinery.

33 (28) "Removal" means a physical transfer of fuel other than by
34 evaporation, loss, or destruction.

35 (29) "Special fuel" means diesel fuel, propane, natural gas,
36 kerosene, biodiesel, and any other combustible liquid or gas by
37 whatever name the liquid or gas may be known or sold for the
38 generation of power to propel a motor vehicle on the highways, except
39 it does not include motor vehicle fuel.

1 (30) "Supplier" means a person who holds a federal certificate of
2 registry issued under the internal revenue code and authorizes the
3 person to engage in tax-free transactions of fuel in the bulk
4 transfer-terminal system.

5 (31) "Terminal" means a fuel storage and distribution facility
6 that has been assigned a terminal control number by the internal
7 revenue service.

8 (32) "Terminal operator" means a person who owns, operates, or
9 otherwise controls a terminal.

10 (33) "Two-party exchange" or "buy-sell agreement" means a
11 transaction in which taxable fuel is transferred from one licensed
12 supplier to another licensed supplier whereby the supplier that is
13 the position holder agrees to deliver taxable fuel to the other
14 supplier or the other supplier's customer at the terminal at which
15 the delivering supplier is the position holder.

16 (34) "Deny" means to decline acceptance of an application for
17 licensure or reinstatement.

18 (35) "Refuse" has the same meaning as "deny" in subsection (34)
19 of this section.

20 (36) "Revoke" means to prohibit all authority granted by this
21 chapter, including the display and use of credentials issued by the
22 department for a period of one year or greater or for an indefinite
23 period.

24 (37) "Suspend" means to restrict the grant of authority under
25 this chapter for a period of less than one calendar year.

26 **Sec. 5.** RCW 82.38.072 and 2013 c 225 s 204 are each amended to
27 read as follows:

28 (1) Unless the use is exempt from the special fuel tax, or
29 expressly authorized by the federal internal revenue code and this
30 chapter, a person having dyed special fuel in the fuel supply tank of
31 a motor vehicle that is licensed or required to be licensed is
32 subject to a civil penalty of (~~ten dollars~~) \$10 for each gallon of
33 dyed special fuel placed into the supply tank of the motor vehicle,
34 or (~~one thousand dollars~~) \$1,000, whichever is greater. The
35 penalties must be collected and administered under this chapter.

36 (2) A person who maintains dyed special fuel in bulk storage for
37 an intended sale or use in violation of this chapter is subject to a
38 civil penalty of (~~ten dollars~~) \$10 for each gallon of dyed special
39 fuel, or (~~one thousand dollars~~) \$1,000, whichever is greater,

1 currently (~~of~~) and previously maintained in bulk storage by the
2 person. The department may make an assessment based upon the
3 calculated capacity of the bulk storage, which is presumptive unless
4 evidence is provided supporting a lower quantity of dyed special fuel
5 actually maintained in violation of this chapter. The penalties must
6 be collected and administered under this chapter.

7 (3) For the purposes of enforcement of this section, the
8 director, the director's agents, the Washington state patrol, or
9 other commercial vehicle safety alliance-certified officers may
10 inspect, collect, and secure samples of special fuel used in the
11 propulsion of a vehicle operated upon the highways of this state, or
12 in any bulk storage device transported upon the highways of this
13 state, to detect the presence of dye or other chemical compounds.

14 (4) RCW 43.05.110 does not apply to the civil penalties imposed
15 under (~~subsection (1) of~~) this section.

16 (5) If one or more violations have been assessed under this
17 section within the previous five years from the violation date, the
18 civil penalties under subsections (1) and (2) of this section must be
19 multiplied by the number of previously assessed violations plus one.

20 (6) Assessments under this section are subject to the provisions
21 of RCW 82.38.170.

22 **Sec. 6.** RCW 82.38.120 and 2013 c 225 s 114 are each amended to
23 read as follows:

24 (1) The department may refuse to issue to, or suspend or revoke a
25 license of any licensee or applicant:

26 (a) Who formerly held a license issued under chapter 82.36,
27 82.38, 82.42, or 46.87 RCW which has been suspended or revoked for
28 cause;

29 (b) Who is a subterfuge for the real party in interest whose
30 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has
31 been revoked for cause;

32 (c) Who, as an individual licensee, or partner, officer,
33 director, owner, or managing employee of a licensee, has had a
34 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW
35 denied, suspended, or revoked for cause;

36 (d) Who has an unsatisfied debt to the state assessed under
37 either chapter 82.36, 82.38, 82.42, or 46.87 RCW;

38 (e) Who formerly held as an individual, partner, officer,
39 director, owner, managing employee of a licensee, or subterfuge for a

1 real party in interest, a license issued by the federal government or
2 a state that allowed a person to buy or sell untaxed motor vehicle,
3 special, or aircraft fuel, which has been suspended or revoked for
4 cause;

5 (f) Who (~~pled~~) pleaded guilty to or was convicted as an
6 individual, partner, officer, director, owner, or managing employee
7 of a licensee in this or any other state, Canadian province, or in
8 any federal jurisdiction of a gross misdemeanor or felony crime
9 directly related to the fuel distribution business or has been
10 subject to a civil judgment involving fraud, misrepresentation,
11 conversion, or dishonesty, notwithstanding chapter 9.96A RCW;

12 (g) Who misrepresented or concealed a material fact in obtaining
13 a license or reinstating a license;

14 (h) Who violated a statute or administrative rule regulating fuel
15 taxation or distribution;

16 (i) Who failed to cooperate with the department's investigations
17 by:

18 (i) Not furnishing papers or documents;

19 (ii) Not furnishing in writing a full and complete explanation
20 regarding a matter under investigation by the department; or

21 (iii) Not responding to subpoenas issued by the department,
22 whether or not the recipient of the subpoena is the subject of the
23 proceeding;

24 (j) Who failed to comply with an order issued by the director; or

25 (k) Upon other sufficient cause being shown.

26 (2) Refusals, suspensions, and revocations under this section
27 become final 30 days after notice is served upon the licensee or
28 applicant of the intention to refuse, suspend, or revoke the
29 authority granted in this chapter.

30 (3) Before a refusal, suspension, or revocation under this
31 section becomes final, the department must (~~grant~~) offer
32 the applicant a (~~hearing~~) review by the department and must grant the
33 applicant at least (~~twenty~~) 20 days written notice of the time
34 (~~and~~), place, and method thereof.

35 **Sec. 7.** RCW 82.38.140 and 2013 c 225 s 115 are each amended to
36 read as follows:

37 (1) Every person importing, manufacturing, refining,
38 transporting, blending, or storing fuel must keep for a period of
39 five years open to inspection at all times during the business hours

1 of the day to the department or its authorized representatives, a
2 complete record of all fuel purchased or received and all fuel sold,
3 delivered, or used by them. Records must show:

4 (a) The date of receipt;

5 (b) The name and address of the person from whom purchased or
6 received;

7 (c) The number of gallons received at each place of business or
8 place of storage in the state of Washington;

9 (d) The date of sale or delivery;

10 (e) The number of gallons sold, delivered, or used for taxable
11 purposes;

12 (f) The number of gallons sold, delivered, or used for any
13 purpose not subject to the fuel tax;

14 (g) The name, address, and fuel license number of the purchaser
15 if the fuel tax is not collected on the sale or delivery;

16 (h) The physical inventories of fuel and petroleum products on
17 hand at each place of business at the end of each month;

18 (i) Stocks of raw gasoline, gasoline stock, diesel oil, kerosene,
19 kerosene distillates, casing head gasoline and other petroleum
20 products which may be used in the compounding, blending, or
21 manufacturing of fuel.

22 (2) (a) All international fuel tax agreement licensees and dyed
23 special fuel users authorized to use dyed special fuel on highways in
24 vehicles licensed for highway operation must maintain detailed
25 mileage records on an individual vehicle basis.

26 (b) Operating records must show both on-highway and off-highway
27 usage of special fuel on a daily basis for each vehicle.

28 (c) In the absence of operating records that show both on-highway
29 and off-highway usage of special fuel on a daily basis for each
30 vehicle, fuel consumption must be computed under RCW 82.38.060.

31 (3) The department may require a person other than a licensee
32 engaged in the business of selling, purchasing, distributing,
33 storing, transporting, or delivering fuel to submit periodic reports
34 to the department regarding the disposition of the fuel. The reports
35 must be on forms prescribed by the department and must contain such
36 information as the department may require. Failure to report as the
37 department requires subjects a person to the civil and criminal
38 penalties under RCW 82.38.170 and 82.38.270.

39 (4) Every person operating any conveyance transporting fuel in
40 bulk must possess during the entire time an invoice, bill of sale, or

1 other statement showing the name, address, and license number of the
2 seller or consigner, the destination, name, and address of the
3 purchaser or consignee, license number, if applicable, and the number
4 of gallons. The person transporting fuel must at the request of any
5 law enforcement officer or authorized representative of the
6 department, produce for inspection required records and must permit
7 inspection of the contents of the vehicle.

8 **Sec. 8.** RCW 82.38.170 and 2013 c 225 s 118 are each amended to
9 read as follows:

10 (1) If any person fails to pay any taxes due the state of
11 Washington within the time prescribed by RCW 82.38.150 and 82.38.160,
12 the person must pay a penalty of (~~ten~~) 10 percent of the tax due.

13 (2) If the tax reported by any licensee is deficient a penalty of
14 ten percent of the deficiency must be assessed.

15 (3) If any licensee, whether or not licensed as such, fails,
16 neglects, or refuses to file a required fuel tax report, the
17 department must determine the tax liability and add the penalty
18 provided in subsection (2) of this section to the liability. An
19 assessment made by the department pursuant to this subsection or to
20 subsection (2) of this section is presumed to be correct, and the
21 burden is on the person who challenges the assessment to establish by
22 a fair preponderance of the evidence that it is erroneous or
23 excessive.

24 (4) If any person, other than a licensee, fails, neglects, or
25 refuses to file a required fuel tax report, or files a false or
26 fraudulent report, the department must calculate and assess a
27 penalty. The penalty under this subsection is \$100 plus an additional
28 five cents per gallon not properly reported or falsely reported. An
29 assessment made by the department pursuant to this subsection is
30 presumed to be correct, and the burden is on the person who
31 challenges the assessment to establish by a fair preponderance of the
32 evidence that it is erroneous or excessive.

33 (5) If any (~~licensee~~) person establishes by a fair
34 preponderance of evidence that failure to file a report or pay the
35 proper amount of tax within the time prescribed was due to reasonable
36 cause and was not intentional or willful, the department may waive
37 the penalty prescribed in subsections (1) (~~and~~), (2), and (4) of
38 this section.

1 (~~(5)~~) (6) If any licensee files a false or fraudulent report
2 with intent to evade the tax imposed by this chapter, there is added
3 to the amount of deficiency a penalty of (~~(twenty-five)~~) 25 percent
4 of the deficiency, in addition to all other penalties prescribed by
5 law.

6 (~~(6)~~) (7) If any person acts as a licensee without first
7 securing the required license, all fuel tax liability incurred by
8 that person becomes immediately due and payable. The department must
9 determine the amount of the tax liability and must assess the person
10 a penalty of (~~(one-hundred)~~) 100 percent of the tax in addition to
11 the tax owed.

12 (~~(7)~~) (8) Any fuel tax, penalties, and interest payable under
13 this chapter shall bear interest at the rate of one percent per
14 month, or fraction thereof, from the first day of the calendar month
15 after the amount or any portion thereof should have been paid until
16 the date of payment. The department may waive interest when it
17 determines the cost of processing the collection exceeds the amount
18 of interest due.

19 (~~(8)~~) (9) Except in the case of filing a false or fraudulent
20 report, if the department deems mitigation of penalties and interest
21 to be reasonable and in the best interests of carrying out the
22 purpose of this chapter, it may mitigate the assessments.

23 (~~(9)~~) (10) Except in the case of a fraudulent report or failure
24 to file a report, deficiencies, penalties, and interest must be
25 assessed within five years from the (~~(twenty-fifth)~~) 25 day of the
26 next succeeding month following the reporting period for which the
27 amount is determined or within five years after the return is filed,
28 whichever period expires later.

29 (~~(10)~~) (11)(a) Any (~~(licensee)~~) person against whom an
30 assessment is made under the provisions of subsections (1) (~~(and)~~),
31 (2), and (4) of this section may petition for a reassessment within
32 (~~(thirty)~~) 30 days after service upon the (~~(licensee)~~) person of the
33 assessment. If such petition is not filed within such (~~(thirty)~~) 30
34 day period, the amount of the assessment becomes final.

35 (b) If a petition for reassessment is filed within the (~~(thirty)~~)
36 30 day period, the department must reconsider the assessment and, if
37 the (~~(licensee)~~) person has requested in the petition, must grant
38 (~~(an informal hearing)~~) a review by the department and give (~~(ten)~~)
39 10 days' notice of the time and place. The department may continue
40 the (~~(hearing)~~) review as needed. The decision of the department upon

1 a petition for reassessment becomes final (~~(thirty)~~) 30 days after
2 service upon the (~~(licensee)~~) person.

3 (c) Every assessment made by the department becomes due and
4 payable at the time it becomes final and if not timely paid to the
5 department, a penalty of (~~(ten)~~) 10 percent of the amount of the tax
6 is added to the assessment.

7 (~~((11))~~) (12) Any notice of assessment required by this section
8 must be served by depositing such notice in the United States mail,
9 postage prepaid addressed to the (~~(licensee)~~) person at the address
10 shown in the records of the department.

11 (~~((12))~~) (13) Any licensee who has had a fuel license revoked
12 must pay a (~~(one hundred dollar)~~) \$100 penalty, submit an application
13 for reinstatement on forms prescribed by the department, and must
14 resolve all outstanding violations, noncompliance items, and debts
15 owed under this chapter, and chapters 46.87 and 82.42 RCW to the
16 satisfaction of the department, prior to the issuance of a new
17 license.

18 (~~((13))~~) (14) Any person required to be licensed under RCW
19 82.38.090(1)(f) found operating without such license is subject to an
20 assessment of \$500 in addition to all other penalties prescribed by
21 law.

22 (15) Any person who, upon audit or investigation by the
23 department, is found to have not paid fuel taxes as required by this
24 chapter is subject to cancellation of all vehicle registrations for
25 vehicles utilizing special fuel as a means of propulsion. Any
26 unexpired Washington tonnage on the vehicles in question may be
27 transferred to a purchaser of the vehicles upon application to the
28 department who will hold such tonnage in its custody until a sale of
29 the vehicle is made or the tonnage has expired.

30 (16) RCW 43.05.110 does not apply to the civil penalties imposed
31 under this section.

32 **Sec. 9.** RCW 82.38.220 and 2013 c 225 s 122 are each amended to
33 read as follows:

34 (1) If a person is delinquent in the payment of any obligation,
35 the department may give notice of the amount of delinquency to
36 persons having possession or control of credits, personal and real
37 property belonging to the person, or owing debts to the person. Any
38 person notified may not transfer or dispose of credits, personal and
39 real property, or debts without the consent of the department. A

1 person notified must, within twenty days after receipt of notice,
2 advise the department of any credits, personal and real property, or
3 debts in their possession, under their control or owing by them, and
4 must immediately deliver the credits, personal and real property, or
5 debts to the department.

6 (2) The notice and order to withhold and deliver constitutes a
7 continuing lien on property of the person. The department must
8 include in the notice to withhold and deliver "continuing lien." The
9 effective date of a notice to withhold and deliver is the date of
10 mailing or electronic service.

11 (3) If a person fails to timely answer the notice, a court may
12 render judgment, plus costs by default against the person.

13 **Sec. 10.** RCW 82.38.260 and 2013 c 225 s 126 are each amended to
14 read as follows:

15 (1) The department may prescribe, adopt, and enforce reasonable
16 rules relating to administration and enforcement of this chapter.

17 (2) The department or its authorized representative may examine
18 the books, papers, records, and equipment of any person distributing,
19 transporting, storing, or using fuel to determine whether all taxes
20 due or refundable are properly reported, paid, or claimed. If books,
21 papers, records, and equipment are not maintained in this state at
22 the time of demand, the department does not lose any right of
23 examination.

24 (3) The department may require additional reports from any
25 licensee with reference to any of the matters herein concerned. Such
26 reports must be made and filed on forms prepared by the department.

27 (4) For the purpose of any investigation or proceeding, the
28 director or designee may administer oaths and affirmations, subpoena
29 witnesses, compel their attendance, take evidence, and require the
30 production of any books, papers, correspondence, memoranda,
31 agreements, or other documents or records which the director deems
32 relevant or material to the inquiry.

33 (5) In the case of contumacy by or refusal to obey a subpoena
34 issued to, any person, any court of competent jurisdiction upon
35 application by the director, may issue to that person an order
36 requiring appearance before the director or designee to produce
37 testimony of other evidence regarding the matter under investigation
38 or in question.

1 (6) The department must, upon request from officials responsible
2 for enforcement of fuel tax laws of any state, the District of
3 Columbia, the United States, its territories and possessions, the
4 provinces or the dominion of Canada, forward information relative to
5 the receipt, storage, delivery, sale, use, or other disposition of
6 fuel by any person, if the other furnishes like information.

7 (7) The department may enter into a fuel tax cooperative
8 agreement with another state, the District of Columbia, the United
9 States, its territories and possessions, or Canadian province for the
10 administration, collection, and enforcement of their respective fuel
11 taxes.

12 (8) For the purposes of administration, collection, and
13 enforcement of taxes imposed under this chapter, pursuant to another
14 agreement under chapter 82.41 RCW, chapter 82.41 RCW controls to the
15 extent of any conflict.

16 (9) The remedies of the state in this chapter are cumulative and
17 no action taken by the department may be construed to be an election
18 on the part of the state or any of its officers to pursue any remedy
19 hereunder to the exclusion of any other remedy for which provision is
20 made in this chapter.

21 (10) The director is charged with the enforcement of the
22 provisions of this chapter and rules adopted hereunder. The director
23 may, in the director's discretion, call on the state patrol or any
24 peace officer in the state, who shall then aid in the enforcement of
25 this chapter or any rules adopted hereunder.

26 **Sec. 11.** RCW 82.38.270 and 2013 c 225 s 127 are each amended to
27 read as follows:

28 (1) It is unlawful for a person to:

29 (a) Have dyed special fuel in the fuel supply tank of a vehicle
30 that is licensed or required to be licensed for highway use or
31 maintain dyed special fuel in bulk storage for highway use, unless
32 the person maintains an uncanceled dyed special fuel user license or
33 is otherwise exempt under this chapter;

34 (b) Hold dyed special fuel for use, intended use, sale, or
35 intended sale in a manner in violation of this chapter;

36 (c) Evade a tax or fee imposed under this chapter;

37 (d) File a false statement of a material fact regarding the
38 administration and enforcement of this chapter or otherwise commit
39 any fraud or make a false representation on a fuel tax license

1 application, fuel tax refund application, fuel tax return, fuel tax
2 record, or fuel tax refund claim;

3 (e) Act as a fuel licensee unless the person holds an uncanceled
4 fuel license issued by the department authorizing the person to
5 engage in that business;

6 (f) Knowingly assist another person to evade a tax or fee imposed
7 by this chapter;

8 (g) Knowingly operate a conveyance for the purpose of hauling,
9 transporting, or delivering fuel in bulk and not possess an invoice,
10 bill of sale, or other statement showing the name, address, and tax
11 license number of the seller or consignor, the destination, the name,
12 address, and tax license number of the purchaser or consignee, and
13 the number of gallons;

14 (h) Refuse to permit the department or its authorized
15 representative to examine the person's books, papers, records,
16 storage facilities, and equipment used in conjunction with the use,
17 distribution, or sale of fuel;

18 (i) (~~To display~~) Display, or cause to permit to be displayed,
19 or to have in possession, any fuel license knowing the same to be
20 fictitious, or to have been suspended, canceled, revoked, or altered;

21 (j) (~~To lend~~) Lend to, or knowingly permit the use of, by one
22 not entitled thereto, any fuel license issued to the person lending
23 it or permitting it to be used;

24 (k) (~~To display~~) Display or to represent as one's own any fuel
25 license not issued to the person displaying the same;

26 (l) (~~To use~~) Use or to conspire with any governmental official,
27 agent, or employee for the use of any requisition, purchase order, or
28 any card or any authority to which the person is not specifically
29 entitled by government regulations, for the purpose of obtaining any
30 fuel or other inflammable petroleum products upon which the fuel tax
31 has not been paid;

32 (m) (~~To sell~~) Sell or dispense natural gas or propane for their
33 own use or the use of others into tanks of vehicles powered by this
34 fuel when the vehicle does not display a valid decal or other
35 identifying device as provided in RCW 82.38.075;

36 (n) Knowingly display, or cause to permit to be displayed, or
37 possess, a fictitious or altered international fuel tax agreement
38 decal or license;

1 (o) Fail to display, or improperly display, a valid international
2 fuel tax agreement decal associated with a valid international fuel
3 tax agreement license;

4 (p) Operate a motor vehicle as provided in RCW 82.38.090(3)
5 without having first obtained a license as required by this chapter;
6 and

7 (q) Offer for sale as taxed fuel, fuel which the seller knows or
8 has reason to know to be untaxed.

9 (2)(a) A single violation of subsection (1)(a) and (b) of this
10 section is a gross misdemeanor under chapter 9A.20 RCW.

11 (b) Multiple violations of subsection (1)(a) and (b) of this
12 section and violations of subsection (1)(c) through (g) of this
13 section are a class C felony under chapter 9A.20 RCW.

14 (3) Violations of subsection (1)(h) through ~~((m))~~ (q) of this
15 section are a gross misdemeanor under chapter 9A.20 RCW.

16 (4) In addition to other penalties and remedies provided by law,
17 the court must order a person or corporation found guilty of
18 violating subsection (1)(c) through (g) of this section to:

19 (a) Pay the tax or fee evaded plus interest, commencing at the
20 date the tax or fee was first due, at the rate of twelve percent per
21 year, compounded monthly; and

22 (b) Pay a penalty of ~~((one hundred))~~ 100 percent of the tax
23 evaded.

24 (5) The tax imposed by this chapter is held in trust by the
25 licensee until paid to the department, and a licensee who
26 appropriates the tax to ~~((his or her))~~ the licensee's own use or to
27 any use other than the payment of the tax is guilty of a felony or
28 gross misdemeanor in accordance with the theft and anticipatory
29 provisions of Title 9A RCW. A person, partnership, corporation, or
30 corporate officer who fails to pay to the department the tax is
31 personally liable to the state for the amount of the tax.

32 **Sec. 12.** RCW 82.38.380 and 2013 c 225 s 135 are each amended to
33 read as follows:

34 When the state patrol or the department has good reason to
35 believe that fuel is being unlawfully imported, kept, sold, offered
36 for sale, blended, or manufactured in violation of this chapter or
37 rules adopted under it, the state patrol, or the department in
38 consultation with the state patrol, may make an affidavit of that
39 fact, describing the place or thing to be searched, before a judge of

1 any court in this state, and the judge must issue a search warrant
2 directed to the state patrol commanding the officer diligently to
3 search any place or vehicle designated in the affidavit and search
4 warrant, and to seize the fuel and conveyance so possessed and to
5 hold them until disposed of by law, and to arrest the person in
6 possession or control of them.

7 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.38
8 RCW to read as follows:

9 (1) The department shall establish a prorated and fuel tax
10 discovery team to detect and investigate violations of this chapter
11 along with violations of chapters 46.87 and 82.42 RCW.

12 (2) Members of the prorated and fuel tax discovery team may be
13 delegated authority to act as limited agents of the director and may
14 exercise the authority to seek search warrants, issue subpoenas,
15 perform inspections, and investigate and assess alleged civil
16 violations of chapter 46.87 or 82.42 RCW or this chapter.

17 (3) The department must adopt rules necessary to implement this
18 section.

19 NEW SECTION. **Sec. 14.** A new section is added to chapter 82.38
20 RCW to read as follows:

21 (1) Information and records submitted to the department under RCW
22 82.38.150 are personal information under RCW 42.56.230(4)(b) and are
23 exempt from public inspection and copying.

24 (2) This section does not:

25 (a) Restrict the department from providing summary or aggregate
26 data where the taxpayer's right to privacy or an unfair competitive
27 disadvantage can reasonably be protected;

28 (b) Prevent the department from entering into data sharing
29 agreements containing these records with a federal, state, or local
30 agency;

31 (c) Restrict sharing with law enforcement for purposes of
32 investigation or enforcement;

33 (d) Prevent the voluntary sharing of or authorization to access a
34 taxpayer's own information to the taxpayer or their authorized
35 representative; or

36 (e) Restrict sharing required under RCW 82.38.260(6).

1 NEW SECTION. **Sec. 15.** A new section is added to chapter 82.38
2 RCW to read as follows:

3 (1) The department or its duly authorized agent may apply for and
4 obtain a superior court order approving and authorizing a subpoena in
5 advance of its issuance. The application may be made in the county
6 where the subpoenaed person resides or is found, or the county where
7 the subpoenaed records or documents are located, or in Thurston
8 county. The application must:

9 (a) State that an order is sought pursuant to this subsection;

10 (b) Adequately specify the records, documents, or testimony; and

11 (c) Declare under oath that an investigation is being conducted
12 for a lawfully authorized purpose related to an investigation within
13 the department's authority and that the subpoenaed documents or
14 testimony are reasonably related to an investigation within the
15 department's authority.

16 (2) Where the application under this subsection is made to the
17 satisfaction of the court, the court must issue an order approving
18 the subpoena. An order under this subsection constitutes authority of
19 law for the agency to subpoena the records or testimony.

20 (3) The department or its duly authorized agent may seek approval
21 and a court may issue an order under this section without prior
22 notice to any person, including the person to whom the subpoena is
23 directed and the person who is the subject of an investigation.

24 (4) This section does not preclude the use of other legally
25 authorized means of obtaining records, nor preclude the assertion of
26 any legally recognized privileges.

27 (5) The department may not disclose any return or tax information
28 obtained in response to a subpoena issued under this section, except
29 as authorized under this chapter.

30 (6) A third party may not be held civilly liable for any harm
31 resulting from that person's compliance with a subpoena issued under
32 the authority of this section.

33 (7) The entire court file of any proceeding instituted under this
34 section must be sealed and is not open to public inspection by any
35 person except upon order of the court as authorized by law.

36 **Sec. 16.** RCW 82.42.118 and 2013 c 225 s 404 are each amended to
37 read as follows:

1 (1) If any licensee fails to pay any taxes due the state of
2 Washington within the time prescribed in this chapter, the licensee
3 must pay a penalty of (~~ten~~) 10 percent of the tax due.

4 (2) If the tax reported by any licensee is deficient a penalty of
5 (~~ten~~) 10 percent of the deficiency must be assessed.

6 (3) If any licensee, whether or not licensed as such, fails,
7 neglects, or refuses to file a required fuel tax report, the
8 department must determine the tax liability and add the penalty
9 provided in subsection (2) of this section to the liability. An
10 assessment made by the department pursuant to this subsection or to
11 subsection (2) of this section is presumed to be correct, and the
12 burden is on the person who challenges the assessment to establish by
13 a fair preponderance of the evidence that it is erroneous or
14 excessive.

15 (4) If any licensee establishes by a fair preponderance of
16 evidence that failure to file a report or pay the proper amount of
17 tax within the time prescribed was due to reasonable cause and was
18 not intentional or willful, the department may waive the penalty
19 prescribed in subsections (1) and (2) of this section.

20 (5) If any licensee files a false or fraudulent report with
21 intent to evade the tax imposed by this chapter, a penalty of
22 (~~twenty-five~~) 25 percent of the deficiency must be added to the
23 amount of deficiency, which is in addition to all other penalties
24 prescribed by law.

25 (6) If any person acts as a licensee without first securing the
26 required license, all fuel tax liability incurred by that person
27 becomes immediately due and payable. The department must determine
28 the amount of the tax liability and must assess the person along with
29 a penalty of (~~one-hundred~~) 100 percent of the tax.

30 (7) Any fuel tax, penalties, and interest payable under this
31 chapter bear interest at the rate of one percent per month, or
32 fraction thereof, from the first day of the calendar month after the
33 amount or any portion thereof should have been paid until the date of
34 payment. The department may waive interest when it determines the
35 cost of processing the collection exceeds the amount of interest due.

36 (8) Except in the case of violations of filing a false or
37 fraudulent report, if the department deems mitigation of penalties
38 and interest to be reasonable and in the best interests of carrying
39 out the purpose of this chapter, it may mitigate the assessments.

1 (9) Except in the case of a fraudulent report or failure to file
2 a report, deficiencies, penalties, and interest must be assessed
3 within five years from the (~~twenty-fifth~~) 25 day of the next
4 succeeding month following the reporting period for which the amount
5 is determined or within five years after the return is filed,
6 whichever period expires later.

7 (10)(a) Any licensee against whom an assessment is made under the
8 provisions of subsection (2) or (3) of this section may petition for
9 a reassessment within (~~thirty~~) 30 days after service upon the
10 licensee of the assessment. If such petition is not filed within such
11 (~~thirty~~) 30-day period, the amount of the assessment becomes final.

12 (b) If a petition for reassessment is filed within the (~~thirty~~)
13 30-day period, the department must reconsider the assessment and, if
14 the licensee has requested in the petition, must grant (~~an informal~~
15 ~~hearing~~) a review by the department and give (~~ten~~) 10 days' notice
16 of the time (~~and~~), place, and method of review. The department may
17 continue the (~~hearing~~) review as needed. The decision of the
18 department upon a petition for reassessment becomes final (~~thirty~~)
19 30 days after service upon the licensee.

20 (11) Every assessment made by the department becomes due and
21 payable at the time it becomes final and if not timely paid to the
22 department a penalty of (~~ten~~) 10 percent of the amount of the tax
23 must be added to the assessment.

24 (12) Any notice of assessment required by this section must be
25 served by depositing such notice in the United States mail, postage
26 prepaid addressed to the licensee at the address shown in the records
27 of the department.

28 (13) Any licensee who has had a fuel license revoked must pay a
29 (~~one hundred dollar~~) \$100 penalty, submit an application for
30 reinstatement on forms as prescribed by the department, and must
31 resolve all outstanding violations, noncompliance items, and debts
32 owed under this chapter and chapters 46.87 and 82.38 RCW to the
33 satisfaction of the department prior to the issuance of a new
34 license.

35 **Sec. 17.** RCW 82.42.010 and 2013 c 225 s 301 are each reenacted
36 and amended to read as follows:

37 The definitions in this section apply throughout this chapter
38 unless the context clearly requires otherwise.

1 (1) "Air carrier" means any airline, air cargo carrier, air taxi,
2 air commuter, or air charter operator, that provides routine air
3 service to the general population for compensation or hire, and
4 operates at least fifteen round trips per week between two or more
5 points and publishes flight schedules which specify the times, days
6 of the week, and points between which it operates. Where it is
7 doubtful that an operation is for "compensation or hire," the test
8 applied is whether the air service is merely incidental to the
9 person's other business or is, in itself, a major enterprise for
10 profit.

11 (2) "Aircraft" means every contrivance now known or hereafter
12 invented, used or designed for navigation of or flight in the air,
13 operated or propelled by the use of aircraft fuel.

14 (3) "Aircraft fuel" means gasoline and any other inflammable
15 liquid, by whatever name such liquid is known or sold, the chief use
16 of which is as fuel for the propulsion of aircraft, except gas or
17 liquid, the chief use of which as determined by the director, is for
18 purposes other than the propulsion of aircraft.

19 (4) "Dealer" means any person engaged in the retail sale of
20 aircraft fuel.

21 (5) "Department" means the department of licensing.

22 (6) "Director" means the director of licensing.

23 (7) "Distributor" means any person engaged in the sale of
24 aircraft fuel to any dealer and includes any dealer from whom the tax
25 hereinafter imposed has not been collected.

26 (8) "Local service commuter" means an air taxi operator who
27 operates at least five round-trips per week between two or more
28 points; publishes flight schedules which specify the times, days of
29 the week, and points between which it operates; and whose aircraft
30 has a maximum capacity of (~~sixty~~) 60 passengers or (~~eighteen~~
31 ~~thousand~~) 18,000 pounds of useful load.

32 (9) "Person" means every natural person, firm, partnership,
33 association, or private or public corporation.

34 (10) "Deny" means to decline acceptance of an application for
35 licensure or reinstatement.

36 (11) "Refuse" has the same meaning as "deny" in subsection (10)
37 of this section.

38 (12) "Revoke" means to prohibit all authority granted by this
39 chapter, including the display and use of credentials issued by the

1 department for a period of one year or greater or for an indefinite
2 period.

3 (13) "Suspend" means to restrict the grant of authority under
4 this chapter for a period of less than one year.

5 **Sec. 18.** RCW 82.42.210 and 2013 c 225 s 411 are each amended to
6 read as follows:

7 (1) The department may refuse to issue to, or suspend or revoke a
8 license of any licensee or applicant:

9 (a) Who formerly held a license issued under chapter 82.36,
10 82.38, 82.42, or 46.87 RCW which has been suspended or revoked for
11 cause;

12 (b) Who is a subterfuge for the real party in interest whose
13 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW has
14 been revoked for cause;

15 (c) Who, as an individual licensee, or partner, officer,
16 director, owner, or managing employee of a licensee, has had a
17 license issued under chapter 82.36, 82.38, 82.42, or 46.87 RCW
18 denied, suspended, or revoked for cause;

19 (d) Who has an unsatisfied debt to the state assessed under
20 either chapter 82.36, 82.38, 82.42, or 46.87 RCW;

21 (e) Who formerly held as an individual, partner, officer,
22 director, owner, managing employee of a licensee, or subterfuge for a
23 real party in interest, a license issued by the federal government or
24 a state that allowed a person to buy or sell untaxed motor vehicle or
25 special fuel, which, has been suspended or revoked for cause;

26 (f) Who (~~pled~~) pleaded guilty to or was convicted as an
27 individual, partner, officer, director, owner, or managing employee
28 of a licensee in this or any other state, Canadian province, or in
29 any federal jurisdiction of a gross misdemeanor or felony crime
30 directly related to the fuel distribution business or has been
31 subject to a civil judgment involving fraud, misrepresentation,
32 conversion, or dishonesty, notwithstanding chapter 9.96A RCW;

33 (g) Who misrepresented or concealed a material fact in obtaining
34 a license or reinstating a license;

35 (h) Who violated a statute or administrative rule regulating fuel
36 taxation or distribution;

37 (i) Who failed to cooperate with the department's investigations
38 by:

39 (i) Not furnishing papers or documents;

1 (ii) Not furnishing in writing a full and complete explanation
2 regarding a matter under investigation by the department; or

3 (iii) Not responding to subpoenas issued by the department,
4 whether or not the recipient of the subpoena is the subject of the
5 proceeding;

6 (j) Who failed to comply with an order issued by the director; or

7 (k) Upon other sufficient cause being shown.

8 (2) Refusals, suspensions, and revocations under this section
9 become final 30 days after notice is served upon the licensee or
10 applicant of the intention to refuse, suspend, or revoke the
11 authority granted in this chapter.

12 (3) Before such refusal, suspension, or revocation under this
13 section becomes final, the department must (~~grant~~) offer the
14 applicant a (~~hearing~~) review by the department and must grant the
15 applicant at least (~~twenty~~) 20 days' written notice of the time
16 (~~and~~), place, and method thereof.

17 NEW SECTION. Sec. 19. A new section is added to chapter 82.42
18 RCW to read as follows:

19 (1) Information and records submitted to the department under RCW
20 82.42.140 are personal information under RCW 42.56.230(4)(b) and are
21 exempt from public inspection and copying.

22 (2) This section does not:

23 (a) Restrict the department from providing summary or aggregate
24 data where the taxpayer's right to privacy or an unfair competitive
25 disadvantage can reasonably be protected;

26 (b) Prevent the department from entering into data sharing
27 agreements containing these records with a federal, state, or local
28 agency;

29 (c) Restrict sharing with law enforcement for purposes of
30 investigation or enforcement; or

31 (d) Prevent the voluntary sharing of or authorization to access a
32 taxpayer's own information to the taxpayer or their authorized
33 representative.

34 NEW SECTION. Sec. 20. A new section is added to chapter 82.42
35 RCW to read as follows:

36 (1) The department or its duly authorized agent may apply for and
37 obtain a superior court order approving and authorizing a subpoena in
38 advance of its issuance. The application may be made in the county

1 where the subpoenaed person resides or is found, or the county where
2 the subpoenaed records or documents are located, or in Thurston
3 county. The application must:

4 (a) State that an order is sought pursuant to this subsection;

5 (b) Adequately specify the records, documents, or testimony; and

6 (c) Declare under oath that an investigation is being conducted
7 for a lawfully authorized purpose related to an investigation within
8 the department's authority and that the subpoenaed documents or
9 testimony are reasonably related to an investigation within the
10 department's authority.

11 (2) Where the application under this subsection is made to the
12 satisfaction of the court, the court must issue an order approving
13 the subpoena. An order under this subsection constitutes authority of
14 law for the agency to subpoena the records or testimony.

15 (3) The department or its duly authorized agent may seek approval
16 and a court may issue an order under this subsection without prior
17 notice to any person, including the person to whom the subpoena is
18 directed and the person who is the subject of an investigation.

19 (4) This section does not preclude the use of other legally
20 authorized means of obtaining records, nor preclude the assertion of
21 any legally recognized privileges.

22 (5) The department may not disclose any return or tax information
23 obtained in response to a subpoena issued under this section, except
24 as under this chapter.

25 (6) A third party may not be held civilly liable for any harm
26 resulting from that person's compliance with a subpoena issued under
27 the authority of this section.

28 (7) The entire court file of any proceeding instituted under this
29 section must be sealed and is not open to public inspection by any
30 person except upon order of the court as authorized by law.

31 NEW SECTION. **Sec. 21.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the
33 remainder of the act or the application of the provision to other
34 persons or circumstances is not affected.

35 NEW SECTION. **Sec. 22.** This act takes effect July 1, 2024.

--- END ---



Agency Recommendation Summary

The Department of Licensing (DOL) requests funding as part of our agency request legislation proposal to improve access to driver licenses and ID cards. The proposal includes modifying the requirements for an adult signature on a minor’s driver license to include a responsible adult. It also clarifies the requirements to receive an at-cost ID card and directs the agency to study the feasibility of offering a reduced fee ID card. These changes will help the agency achieve its strategic plan of removing barriers to our services.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Operating Expenditures						
Fund 106 - 1	\$0	\$100	\$100	\$0	\$0	\$0
Total Expenditures	\$0	\$100	\$100	\$0	\$0	\$0

Decision Package Description

Washington State has between 13,000 and 15,000 unaccompanied youth experiencing homelessness. Furthermore, over 40,000 Washington youth live with a grandparent or another kinship provider, with 80 percent of those arrangements being informal. Unaccompanied minors face unique barriers obtaining the required adult signature to get a driver license or motorcycle endorsement. In addition, a parent or legal guardian must attest to supervised driver/rider experience hours, amplifying the barriers unaccompanied minors experience.

In addition, DOL staff have observed that individuals eligible for a reduced cost ID card face barriers obtaining one. Specifically, DOL uses a manual process for proving eligibility, relying on an individual to first obtain a physical letter from DSHS or DCYF.

DOL has identified several proposals that would help people from underserved communities, including at-risk or under-resourced minors and low-income residents, to access documents essential to participating in society.

Proposal 1: Expand the eligibility on the required adult signature for a driver license or motorcycle endorsement application to include “responsible adult.”

This proposal would allow flexibility around who may appear on behalf of a minor, particularly an unaccompanied minor, when providing an adult signature for a driver license or motorcycle endorsement application. Specifically, it would expand the list of individuals who may appear to include those who meet the standard of “responsible adult” as defined in DOL rulemaking. In determining the definition, DOL will work closely with stakeholders and review existing definitions for other states that already allow other parties outside of a parent, legal guardian, or employer to sign on behalf of a minor.

Proposal 2: Clarify language to enable broader flexibility in verifying eligibility for an at-cost ID card.

This proposal would clarify language around verifying eligibility to obtain an at-cost ID card by stipulating any applicant must be verified by documentation sufficient to demonstrate eligibility. The proposal would also clarify that participants in the WIC program qualify for the at-cost ID card.

Currently, DOL relies on a hardcopy of the referral letter, which first must be obtained from a caseworker. In addition, an individual must presently recognize they need a new ID card prior to meeting their DSHS caseworker. If an individual comes to a driver licensing office first, DOL staff would have to turn the individual away until they obtain a letter from the referring agency. Clarifying language to include documentation sufficient to demonstrate eligibility enables greater flexibility in the future for new solutions in verifying eligibility.

Proposal 3: Conduct a study on the feasibility of offering a reduced-fee ID card.

This proposal directs DOL to study the feasibility of offering reduced-fee ID cards. DOL staff regularly hear from customers that the cost of an ID card (\$55 for six years) can be prohibitively expensive. In addition, DOL has had discussions internally about whether the eligibility for the at-cost ID card (\$5) needs to be re-examined. This study will allow DOL to review national best practices and other states’ laws to develop recommendations for the Governor and Legislature on this topic.

Background

A driver license or ID card is essential for securing shelter, employment, health care and many other services. DOL continues to seek opportunities to expand access and remove barriers to our credentials.

State law requires any person under the age of eighteen applying for a driver license or motorcycle endorsement to have a signature from a parent or legal guardian. If the person under the age of eighteen has no parent or guardian, then the application may be signed by the minor's employer. Unaccompanied minors who are not emancipated, or are not in the custody of a parent, legal guardian, or employer, cannot apply for a driver license or motorcycle endorsement.

Various states have expanded the scope of those able to sign on behalf of the minor, outside of the traditional parent or legal guardian. Ohio, for example, allows for a "responsible person" willing to assume obligation under the law to appear, while South Carolina, Florida, Montana, and Utah allow for a "responsible adult" to sign for a minor.

Currently, persons receiving continuing public assistance grants under Title 74 RCW (e.g. Temporary Assistance for Needy Families - TANF) qualify for an at-cost ID card (\$5) from DOL. To receive the ID card, they must present a letter in person at a driver licensing office from the Department of Social and Health Services (DSHS) or Department of Children, Youth and Families (DCYF) to prove eligibility.

The Women, Infants, and Children (WIC) program provides federal grants to all 50 states for supplemental foods, health care referrals, substance abuse referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women. Currently, WIC participants do not qualify for an at-cost ID card from DOL.

What are you purchasing and how does it solve the problem?

DOL is requesting funding to hire a third-party contractor to conduct a study on the feasibility of offering reduced-fee ID cards.

What are the consequences of not approving this proposal?

The consequences of not approving this proposal are that certain minors will still be unable to obtain a driver license simply because they do not have the authorized adult at the ready. In addition, less individuals will be able to access at-cost ID cards without this bill.

Describe the pros/cons of alternatives. Explain why this request is the best option.

This is the best option to achieve the underlying policy objectives based on the expanded access, low costs, and increased efficiencies presented by these changes.

Could this problem be solved outside of new legislation? Rule changes or policy changes?

There is no authority to change the underlying policies without legislation.

What other options did you explore? For example, did you consider:

- Options with lower costs.

There are no DOL costs to implement this bill other than the contracted study on reduced fee ID cards. DOL considered various solutions to create an electronic interface for determining eligibility for the at-cost ID card with DSHS, but the costs were too high.

- Services provided by other agency or unit of government.

This proposal works to build on the social services provided by other agencies. However, DOL is the gatekeeper for the driving privilege and identification, and therefore, cannot look only at other units of government to achieve these proposed outcomes.

- Regulatory or statutory changes to streamline agency processes.

This proposal makes changes to streamline agency processes.

- Redeployment of existing resources to maximize efficient use of current funding.

This proposal efficiently uses existing funding. The only new request is \$100,000 for a one-time contracted study on the feasibility of offering reduced fee ID cards.

- Option to maintain the status quo.

Maintaining the status quo fails to (1) capture the momentum around serving under-resourced individuals, (2) carry out the agency’s strategic plan, and broader equity and pro-equity, anti-racism work, and (3) aid the governor in his mission to alleviate poverty and reduce homelessness.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

Reduced or No Fee Charged at Identocard Issuance by Program, by Transaction Type and Year (Calendar)

	2016	2017	2018	2019	2020	2021	2022
Reduced or No Fee charged at an Original Issuance							
DSHS/Welfare Reduced	43,287	46,425	37,015	16,564	4,186	3,815	11,407
Unhoused Youth Reduced					53	230	389
Unhoused Adult No fee							
Reduced or No Fee Charged at Renewal							
DSHS/Welfare reduced	8,539	7,980	7,096	7,775	2,183	3,855	10,946
Unhoused Youth Reduced					3	58	42
Unhoused Adult No fee							
Reduced or No Fee Charged at a Duplicate or Replacement							
DSHS/Welfare reduced				27,245	6,196	3,590	10,535
Unhoused Youth Reduced					12	-	-

For the at-cost ID card program, DOL expects that efficiencies will help restore participation in the program to pre-pandemic levels. At its peak in 2017, the program saw 90,000 users, a figure that dwindled to sub-12,000 in 2021 and sub-32,000 in 2022.

For the unaccompanied youth section, DOL expects that more youth will be able to obtain driver licenses and motorcycle endorsements, avoiding the traffic safety issues inherent in unlicensed drivers and riders on state roadways.

Detailed Assumptions and Calculations:

Cost of proposal 1: Expand the eligibility on the required adult signature for a driver license or motorcycle endorsement application to include “responsible adult.” There is no cost associated with this specific proposal.

Cost of proposal 2: Clarify language to enable broader flexibility in verifying eligibility for an at-cost ID card. There is no cost associated with this specific proposal.

Cost of proposal 3: Conduct a study on the feasibility of offering a reduced-fee ID card. The agency is requesting \$100,000 to hire a third-party vendor to conduct this study.

Workforce Assumptions:

None anticipated at this time. Many, if not all, of the improvements sought by this request legislation will be (1) automatically applied or (2) implemented through minor changes to operational policy.

Strategic and Performance Outcomes

Strategic Framework:

DOL's Strategic Plan

Two of the four priorities in DOL's 2023-2025 strategic plan are Equity and Inclusion (E&I), and Safe and Supported Communities (SSC). Throughout both is a significant emphasis on reducing barriers. Two specific examples include E&I Goal, "DOL will eliminate barriers in the services we provide;" and SSC Goal, "DOL will consistently and equitably apply rules and policies across programs."

As related to E&I, this work will provide people from underserved communities, including at-risk or under-resourced minors and low-income residents, access to documents essential to participating in society. Given that people of color and youth are more likely to experience homelessness, this effort will help mitigate existing disparities. Of course, people experiencing homelessness and youth lacking an available adult, irrespective of their underlying demographics, face barriers that need attention.

As related to SSC, DOL views increased participation within our regulatory framework as having a positive impact on public safety. Instead of under-resourced people living without identity or driving without authority, where in the latter case and most relevant to DOL, safety issues persist on roadways, these changes will promote better compliance with state laws.

Governor Inslee's Five Goal Areas

This work supports Goal 2, "fostering an innovative economy . . .," and Goal 4, "fostering [a] safe and supported future." Undoubtedly, DOL's services provide access to employment, housing, services, banking, etc. Neither limited financial means nor the lack of parental support should bar a resident from these opportunities, especially when people falling into either of these categories are society's most vulnerable. The state's objective of a strong workforce, and more broadly, a strong economy, is underpinned by the ability to drive and prove identity.

Performance Outcomes:

For the at-cost ID card program, DOL expects that efficiencies will help restore participation in the program to pre-pandemic levels. At its peak in 2017, the program saw 90,000 users, a figure that dwindled to sub-12,000 in 2021 and sub-32,000 in 2022.

For the unaccompanied youth section, DOL expects that more youth will be able to obtain driver licenses and motorcycle endorsements, avoiding the traffic safety issues inherent in unlicensed drivers and riders on state roadways.

Equity Impacts

Community outreach and engagement:

DOL utilized our internal pro-equity anti-racism (PEAR) team to review and provide feedback on this proposal. In addition, the Department has engaged with a wide variety of external stakeholders and state agencies with a vested interest in this proposal, including the Washington State Department of Social and Health Services (DSHS), Department of Children, Youth, and Families (DCYF), Department of Commerce (COM), Office of Superintendent of Public Instruction (OSPI), Mockingbird Society, A Way Home Washington, Building Changes, and more.

DOL staff conducted several listening sessions with the aforementioned stakeholder groups, presented proposal at multiple PEAR Team meetings, and distributed a written summary of the proposal to a wide variety of equity-focused community partners.

Disproportional Impact Considerations:

DOL is working to mitigate any unforeseen disproportionality through the reduced-cost study. The Department will be able to provide recommendations on where there may be opportunities to further reduce the high cost of ID cards and improve access to this important credential.

Target Populations or Communities:

Please describe specifically how this proposal is likely to benefit or impact communities and populations who have historically been excluded and marginalized by governmental decisions.

In Washington, over 40,000 youth live with a grandparent or another kinship provider, with 80 percent of those arrangements informal. These kinship care providers often have lower income levels or fixed incomes. Additionally, there are approximately 13,000 to 15,000 unaccompanied youth experiencing homelessness in our state, with disproportionate representation among marginalized communities; particularly, youth of color, American Indian / Alaska Native (AI/AN), and those who identify as LGBTQ+. The incidence of homelessness among AI/AN youth is particularly elevated in more rural communities of Washington; especially, the Yakima region. Our proposal seeks to mitigate these disparities by streamlining the process for unaccompanied youth without a parent, legal guardian or employer seeking a driving credential for a motor vehicle or motorcycle. Furthermore, our proposal would clarify eligibility for low-income households to receive an at-cost ID card through the inclusion of the Women, Infants, and Children (WIC) program as a qualifying program. In addition, Washington has one of the highest fees in the nation for ID cards. By studying the feasibility of expanding eligibility, we may be able to increase access to a critical document necessary for obtaining housing, jobs and other services.

Please describe how your agency assessed which communities and populations may be harmed or excluded by this proposal.

While this proposal seeks to expand eligibility for at-cost ID cards and ease the process for obtaining a driving credential for unaccompanied minors, DOL needs to consider populations that may be omitted from the conversation. For example, this proposal still limits who qualifies for an at-cost ID card. While the inclusion of the WIC program is one suggestion to clarify eligibility, our proposal did not include populations that may be on other programs, such as Apple Health.

There is nothing more fundamental than identity, it is a basic human right and impacts well-being on multiple levels. Washington has some of the highest fees for ID cards in the US, and our current system does not help our residents until they are on government assistance. Establishing identity earlier in life benefits all residents, all communities, and agencies that serve them. It can reduce identity theft, aid in securing a bank account, a job, educational opportunities, all supporting individuals' success before they need government assistance. Further illustrating this, DOL staff have observed that underserved or displaced individuals seeking identity have a much higher rate of success if they have already proven their identity earlier in life.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

Agency	Name & Phone Number	Position of the legislation (Support/Oppose/Neutral)
Department of Social and Health Services (DSHS)	Jon Noski, jon.noski@dshs.wa.gov	Support
Department of Children, Youth and Families (DCYF)	Allison Krutsinger 9360) 480-2216 allison.krutsinger@dcyf.wa.gov	Support
Department of Commerce	Dave Pringle (360) 918-6033 dave.pringle@commerce.wa.gov	Neutral
Department of Health	Kelly Cooper Kelly.Cooper@DOH.WA.GOV	Support
Office of Superintendent of Public Instruction (OSPI)	Jenny Plaja jenny.plaja@k12.wa.us	Pending
Washington Traffic Safety Commission (WTSC)	Mark McKechnie (360) 725-9889 mmckechnie@wtsc.wa.gov	Neutral
Washington State Patrol (WSP)	Ron Rupke, (360) 596-4019 Ron.Rupke@wsp.wa.gov	Neutral

Stakeholder Response:

Organization	Name & Phone Number	Position of the legislation (Support/Oppose/Neutral)
Mockingbird Society	Natalie Lente, (206) 419-7698 natalie.lente@mockingbirdsociety.org	Support
A Way Home Washington	Julie Patiño, Executive Director jpatino@awayhomewa.org	Pending
Building Changes	Megan Veith, Director of Policy & Advocacy (206.805.6163) Megan.Veith@BuildingChanges.org	Support
Washington Statewide Poverty Action Network	Alex Hur, alexh55@gmail.com	Support
WA Association of Sheriffs and Police Chiefs (WASPC)	James McMahan, (360) 486-2380 james@waspc.org	Pending

State Facilities Impacts:

N/A

Changes from Current Law:**Amendments to:**

- RCW 46.20.075 to expand the types of persons that can sign the application for an intermediate driver license to include a “responsible adult” as defined by DOL rule.
- RCW 46.20.100 to expand the types of persons who can sign the application for a driver license or motorcycle endorsement to include a “responsible adult.” The expansion could include McKinney-Vento liaisons, caseworkers, or other responsible adults.
- RCW 46.20.117 to clarify that DOL may verify eligibility for the at-cost ID card with documentation sufficient to demonstrate eligibility. It also clarifies that participants in the Washington WIC program qualify for the at-cost ID card.
- Creates a new section to direct DOL to conduct a study on the feasibility of offering a reduced-fee ID card, with a report on findings and recommendations due to the governor and transportation committees of the legislature by December 1, 2025. The report shall:
 1. Examine the current cost of ID cards and their impact on families and customers with limited resources;

- 2. Review how other states handle pricing of their identity credentials;
 - 3. Review parameters of eligibility for the at-cost ID card issued under RCW 46.20.117(c);
 - 4. Recommend improvements to accessing ID cards for the public;
 - 5. Identify any changes in revenue associated with expanded eligibility for reduced-fee ID cards; and
 - Identify any costs associated with administering and promoting a reduced-fee ID card program.
- Creates a new Section to establish an effective date for the bill of January 1, 2025.

Legal or Administrative Mandates:

This proposal is not in response to litigation, an audit finding, executive order or task force recommendations.

HEAL Act Agencies Supplemental Questions

N/A

Reference Documents

[Z-0425.1.pdf](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. E	\$0	\$100	\$100	\$0	\$0	\$0

Agency Contact Information

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BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0425.1/24

ATTY/TYPIST: AI:lcl

BRIEF DESCRIPTION: Improving access to department of licensing issued documents by clarifying the application requirements for a minor and the requirements for an at-cost identicard.

1 AN ACT Relating to improving access to department of licensing
2 issued documents by clarifying the application requirements for a
3 minor and the requirements for an at-cost identicard; amending RCW
4 46.20.075, 46.20.100, and 46.20.117; creating a new section;
5 providing an effective date; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 46.20.075 and 2023 c 445 s 2 are each amended to
8 read as follows:

9 (1) An intermediate license authorizes the holder to drive a
10 motor vehicle under the conditions specified in this section. An
11 applicant for an intermediate license must be at least 16 years of
12 age and:

13 (a) Have possessed a valid instruction permit for a period of not
14 less than six months;

15 (b) Have passed a driver licensing examination administered by
16 the department;

17 (c) Have passed a course of driver's education in accordance with
18 the standards established in RCW 46.20.100;

19 (d) Present certification by his or her parent, guardian, ~~((or))~~
20 employer, or responsible adult as defined by rule to the department
21 stating (i) that the applicant has had at least 50 hours of driving

1 experience, 10 of which were at night, during which the driver was
2 supervised by a person at least 21 years of age who has had a valid
3 driver's license for at least three years, and (ii) that the
4 applicant has not been issued a notice of traffic infraction or cited
5 for a traffic violation that is pending at the time of the
6 application for the intermediate license;

7 (e) Not have been convicted of or found to have committed a
8 traffic violation within the last six months before the application
9 for the intermediate license; and

10 (f) Not have been adjudicated for an offense involving the use of
11 alcohol or drugs during the period the applicant held an instruction
12 permit.

13 (2) For the first six months after the issuance of an
14 intermediate license or until the holder reaches 18 years of age,
15 whichever occurs first, the holder of the license may not operate a
16 motor vehicle that is carrying any passengers under the age of 20 who
17 are not members of the holder's immediate family. For the remaining
18 period of the intermediate license, the holder may not operate a
19 motor vehicle that is carrying more than three passengers who are
20 under the age of 20 who are not members of the holder's immediate
21 family.

22 (3) The holder of an intermediate license may not operate a motor
23 vehicle between the hours of 1 a.m. and 5 a.m. except (a) when the
24 holder is accompanied by a licensed driver who is at least 25 years
25 of age, or (b) for school, religious, or employment activities for
26 the holder or a member of the holder's immediate family as defined in
27 this section.

28 (4) The holder of an intermediate license may not operate a
29 moving motor vehicle while using a wireless communications device
30 unless the holder is using the device to report illegal activity,
31 summon medical or other emergency help, or prevent injury to a person
32 or property.

33 (5) It is a traffic infraction for the holder of an intermediate
34 license to operate a motor vehicle in violation of the restrictions
35 imposed under this section.

36 (6) Except for a violation of subsection (4) of this section,
37 enforcement of this section by law enforcement officers may be
38 accomplished only as a secondary action when a driver of a motor
39 vehicle has been detained for a suspected violation of this title or
40 an equivalent local ordinance or some other offense.

1 (7) An intermediate licensee may drive at any hour without
2 restrictions on the number of passengers in the vehicle if necessary
3 for agricultural purposes.

4 (8) An intermediate licensee may drive at any hour without
5 restrictions on the number of passengers in the vehicle if, for the
6 12-month period following the issuance of the intermediate license,
7 he or she:

8 (a) Has not been involved in an accident involving only one motor
9 vehicle;

10 (b) Has not been involved in an accident where he or she was
11 cited in connection with the accident or was found to have caused the
12 accident;

13 (c) Has not been involved in an accident where no one was cited
14 or was found to have caused the accident; and

15 (d) Has not been convicted of or found to have committed a
16 traffic offense described in chapter 46.61 RCW or violated
17 restrictions placed on an intermediate licensee under this section.

18 (9) For the purposes of this section, "immediate family" means an
19 individual's spouse or domestic partner, child, stepchild,
20 grandchild, parent, stepparent, grandparent, brother, half-brother,
21 sister, or half-sister of the individual, including foster children
22 living in the household, and the spouse or the domestic partner of
23 any such person, and a child, stepchild, grandchild, parent,
24 stepparent, grandparent, brother, half-brother, sister, or half-
25 sister of the individual's spouse or domestic partner, and the spouse
26 or the domestic partner of any such person.

27 **Sec. 2.** RCW 46.20.100 and 2017 c 197 s 7 are each amended to
28 read as follows:

29 (1) **Application.** The application of a person under the age of
30 ~~((eighteen))~~ 18 years for a driver's license or a motorcycle
31 endorsement must be signed by a parent ~~((or))~~, guardian ~~((with~~
32 ~~eustody of the minor. If the person under the age of eighteen has no~~
33 ~~father, mother, or guardian, then the application must be signed by~~
34 ~~the minor's))~~, employer, or responsible adult as defined by rule.

35 (2) **Traffic safety education requirement.** For a person under the
36 age of ~~((eighteen))~~ 18 years to obtain a driver's license, he or she
37 must meet the traffic safety education requirements of this
38 subsection.

1 (a) To meet the traffic safety education requirement for a
2 driver's license, the applicant must satisfactorily complete a driver
3 training education course as defined in RCW 28A.220.020 for a course
4 offered by a school district or approved private school, or as
5 defined by the department of licensing for a course offered by a
6 driver training school licensed under chapter 46.82 RCW. The course
7 offered by a school district or an approved private school must be
8 part of a traffic safety education program authorized by the office
9 of the superintendent of public instruction and certified under
10 chapter 28A.220 RCW. The course offered by a driver training school
11 must meet the standards established by the department of licensing
12 under chapter 46.82 RCW. The driver training education course may be
13 provided by:

14 (i) A secondary school within a school district or approved
15 private school that establishes and maintains an approved and
16 certified traffic safety education program under chapter 28A.220 RCW;
17 or

18 (ii) A driver training school licensed under chapter 46.82 RCW
19 that is annually approved by the department of licensing.

20 (b) To meet the traffic safety education requirement for a
21 motorcycle endorsement, the applicant must successfully complete a
22 motorcycle safety education course that meets the standards
23 established by the department of licensing.

24 (c) The department may waive the driver training education course
25 requirement for a driver's license if the applicant demonstrates to
26 the department's satisfaction that:

27 (i) He or she was unable to take or complete a driver training
28 education course;

29 (ii) A need exists for the applicant to operate a motor vehicle;
30 and

31 (iii) He or she has the ability to operate a motor vehicle in
32 such a manner as not to jeopardize the safety of persons or property.
33 The department may adopt rules to implement this subsection (2)(c) in
34 concert with the supervisor of the traffic safety education section
35 of the office of the superintendent of public instruction.

36 (d) The department may waive the driver training education course
37 requirement if the applicant was licensed to drive a motor vehicle or
38 motorcycle outside this state and provides proof that he or she has
39 had education equivalent to that required under this subsection.

1 **Sec. 3.** RCW 46.20.117 and 2021 c 158 s 5 are each amended to
2 read as follows:

3 (1) **Issuance.** The department shall issue an identicard,
4 containing a picture, if the applicant:

5 (a) Does not hold a valid Washington driver's license;

6 (b) Proves the applicant's identity as required by RCW 46.20.035;
7 and

8 (c) Pays the required fee. Except as provided in subsection (7)
9 of this section, the fee is (~~seventy-two dollars~~) \$72, unless an
10 applicant is:

11 (i) A recipient of continuing public assistance grants under
12 Title 74 RCW, (~~who is referred in writing by the secretary of social~~
13 ~~and health services or by the secretary of children, youth, and~~
14 ~~families~~) or a participant in the Washington women, infants, and
15 children program. Any applicant under this subsection must be
16 verified by documentation sufficient to demonstrate eligibility;

17 (ii) Under the age of (~~twenty-five~~) 25 and does not have a
18 permanent residence address as determined by the department by rule;
19 or

20 (iii) An individual who is scheduled to be released from an
21 institution as defined in RCW 13.40.020, a community facility as
22 defined in RCW 72.05.020, or other juvenile rehabilitation facility
23 operated by the department of social and health services or the
24 department of children, youth, and families; or an individual who has
25 been released from such an institution or facility within (~~thirty~~)
26 30 calendar days before the date of the application.

27 For those persons under (c)(i) through (iii) of this subsection,
28 the fee must be the actual cost of production of the identicard.

29 (2)(a) **Design and term.** The identicard must:

30 (i) Be distinctly designed so that it will not be confused with
31 the official driver's license; and

32 (ii) Except as provided in subsection (7) of this section, expire
33 on the eighth anniversary of the applicant's birthdate after
34 issuance.

35 (b) The identicard may include the person's status as a veteran,
36 consistent with RCW 46.20.161(4).

37 (c) If applicable, the identicard may include a medical alert
38 designation as provided in subsection (5) of this section.

39 (3) **Renewal.** An application for identicard renewal may be
40 submitted by means of:

1 (a) Personal appearance before the department;

2 (b) Mail or electronic commerce, if permitted by rule of the
3 department and if the applicant did not renew the identicard by mail
4 or by electronic commerce when it last expired; or

5 (c) From January 1, 2022, to June 30, 2024, electronic commerce,
6 if permitted by rule of the department.

7 An identicard may not be renewed by mail or by electronic
8 commerce unless the renewal issued by the department includes a
9 photograph of the identicard holder.

10 (4) **Cancellation.** The department may cancel an identicard if the
11 holder of the identicard used the card or allowed others to use the
12 card in violation of RCW 46.20.0921.

13 (5) Any person may apply to the department to obtain a medical
14 alert designation, a developmental disability designation, or a
15 deafness designation on an identicard issued under this chapter by
16 providing:

17 (a) Self-attestation that the individual:

18 (i) Has a medical condition that could affect communication or
19 account for a health emergency;

20 (ii) Is deaf or hard of hearing; or

21 (iii) Has a developmental disability as defined in RCW
22 71A.10.020;

23 (b) A statement from the person that they have voluntarily
24 provided the self-attestation and other information verifying the
25 condition; and

26 (c) For persons under (~~eighteen~~) 18 years of age or who have a
27 developmental disability, the signature of a parent or legal
28 guardian.

29 (6) A self-attestation or data contained in a self-attestation
30 provided under this section:

31 (a) Shall not be disclosed; and

32 (b) Is for the confidential use of the director, the chief of the
33 Washington state patrol, and law enforcement and emergency medical
34 service providers as designated by law.

35 (7) **Alternative issuance/renewal/extension.** The department may
36 issue or renew an identicard for a period other than eight years, or
37 may extend by mail or electronic commerce an identicard that has
38 already been issued. The fee for an identicard issued or renewed for
39 a period other than eight years, or that has been extended by mail or
40 electronic commerce, is (~~nine dollars~~) \$9 for each year that the

1 identicard is issued, renewed, or extended. The department must offer
2 the option to issue or renew an identicard for six years in addition
3 to the eight year issuance. The department may adopt any rules as are
4 necessary to carry out this subsection.

5 (8) Identicard photos must be updated in the same manner as
6 driver's license photos under RCW 46.20.120(5).

7 NEW SECTION. **Sec. 4.** (1) The department of licensing must
8 conduct a study on the feasibility of offering a reduced-fee
9 identicard. In completing this study, the department shall:

10 (a) Examine the current cost of identicards and its impact on
11 families and customers with limited resources;

12 (b) Conduct a review of additional states and how they handle
13 pricing of their identity credentials;

14 (c) Review parameters of eligibility for identicards issued under
15 RCW 46.20.117(1)(c);

16 (d) Recommend improvements to accessing identicards for the
17 public;

18 (e) Identify any changes in revenue associated with expanded
19 eligibility for reduced-fee identicards; and

20 (f) Identify any costs associated with administering and
21 promoting a reduced-fee identicard program.

22 (2) A report of the study findings and any recommendations are
23 due to the governor and the transportation committees of the
24 legislature by December 1, 2025.

25 (3) This section expires December 1, 2025.

26 NEW SECTION. **Sec. 5.** Sections 1 through 3 of this act take
27 effect January 1, 2025.

--- END ---



Department of Licensing
 2023-25 First Supplemental Budget Session
 Policy Level - PR - Dedicated Funding for POLARIS

Agency Recommendation Summary

The Department of Licensing (DOL) requests funding for system enhancements and other complex system changes for its Professional Online Licensing and Regulatory Information System (POLARIS). These changes will support agency initiatives to improve equity, accessibility, customer experience, business processes, and data security; and will allow the agency to comply with unanticipated mandates.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Operating Expenditures						
Fund 003 - 1	\$0	\$15	\$15	\$15	\$15	\$30
Fund 026 - 1	\$0	\$89	\$89	\$89	\$89	\$178
Fund 06G - 1	\$0	\$7	\$7	\$7	\$7	\$14
Fund 06L - 1	\$0	\$212	\$212	\$212	\$212	\$424
Fund 082 - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 106 - 1	\$0	\$11	\$11	\$11	\$11	\$22
Fund 15V - 1	\$0	\$7	\$7	\$7	\$7	\$14
Fund 16B - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 16M - 1	\$0	\$8	\$8	\$8	\$8	\$16
Fund 298 - 1	\$0	\$7	\$7	\$7	\$7	\$14
Total Expenditures	\$0	\$372	\$372	\$372	\$372	\$744

Decision Package Description

DOL requests \$372,000 in the 2024 supplemental and \$744,000 ongoing per biennium for system enhancements and other complex system changes for the POLARIS application. POLARIS is an integrated commercial off-the-shelf (COTS) solution hosted by Salesforce/Carahsoft Technology Corporation and is maintained and upgraded by Deloitte Consulting.

The base maintenance funding for these systems only covers contractual software and operational maintenance. Base funding does not include system enhancements or other complex changes necessary to support agency initiatives to improve equity, accessibility, customer experience, business processes, and data security; or to comply with unanticipated mandates, such as court orders. In addition, this funding will help DOL avoid falling into technical debt.

Importantly, this request for new funding still reflects a savings to the state. With its conversion from legacy, self-managed products to COTS systems, DOL has reduced its ongoing technology footprint by a sizable margin. In years past, the department relied on a team of approximately 40 developers, a team that is now down to six. This proposal rebalances the cost savings to more fully capture the needs of maintaining COTS systems.

An added benefit of this vendor arrangement is additional cost efficiency: contracted developer support can be scaled up or down as demand fluctuates. And in the case of DOL, demand increases significantly following, e.g., rulemaking and strategic planning.

Historically, DOL relied on under expenditures and end of biennium fund balances to fund limited system changes, but these amounts are neither sufficient nor consistently available to keep pace with new work demands. The limited opportunities for system enhancements outlined in the contract with Deloitte Consulting are similarly insufficient. As a result, DOL is currently accumulating a backlog in change requests, which impedes efficient and proper operations of its core applications.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

Based on historical data of work being requested, pending change requests, and future business needs, DOL considered the following alternatives:

- Use existing DOL IT staff to program the change requests. This alternative is infeasible because staff do not always have the specific expertise or capacity to implement the change by the deadline.
- Redirect funding from DOL's divisions to purchase additional vendor hours. DOL's divisions do not, however, have designated funding for change request work. Therefore, work must be funded from an alternate source, which risks overspending DOL's budget.

Decline to implement change requests. This alternative hinders DOL's ability to advance its strategic priorities and improve its business processes, jeopardizing our ability to comply with unanticipated mandates. In addition, if change requests cannot be funded, DOL will have to create manual workarounds in lieu of system upgrades. Manual workarounds are not ideal, adding to staff time and increasing the risk of errors.

Detailed Assumptions and Calculations:

Based on the existing backlog of change requests, DOL estimates that it will need 155 additional vendor hours per month for POLARIS. At the current rate of \$200 per hour, the total is \$31,000 per month, or \$372,000 per year.

Workforce Assumptions:

No FTE or department overhead requests are associated with this decision package.

Strategic and Performance Outcomes

Strategic Framework:

- The Governor's goal 5 for efficient, effective, and accountable government by covering increased support for one of DOL's major systems that provide critical services to Washington residents and business partners.
- Washington State's Enterprise IT strategic goal 1 creating a government experience that leaves no community behind.
- Washington State's Enterprise IT better data, better decisions, better government, and better Washington.
- Washington State's Enterprise IT innovative technology solutions create a better Washington.
- DOL's strategic priority of equity and inclusion and implement initiatives to eliminate barriers in the services we provide, including regulatory improvement efforts, revising the agency's language access plan, and updating high priority forms and letters using plain talk principles.
- DOL's strategic priority of safe and supported communities and implement the initiatives to improve access to online services and modernize its customer contact centers and licensing service offices to ease interactions with our agency
- DOL's strategic priority of safe and secure data and implement the initiatives to improve stewardship and standards for the management of agency data and protect our customers' personal information.

Performance Outcomes:

In addition to the general improvements to DOL's service delivery, assurance that the agency complies with all unanticipated mandates, and avoidance of technical debt, the agency expects from this funding:

- Measured decreases in customer complaints via phone and email due to system issues by 2024.
- Reduced manual entries on the business and revenue side in the system by 2025.
- Improved revenue collection by eliminating abandoned cart no fee transactions.
- Enhanced customer portal navigation and completed transactions by 2025.

Equity Impacts

Community outreach and engagement:

The Governor's Executive Order 22-04 on a Pro-Equity and Anti-Racist (PEAR) government guides DOL's fiscal and budget policy decisions. While developing this budget request, DOL considered the following important aspects:

1. Who stands to benefit from this proposal or allocation of resources and what groups have historically been harmed from their exclusion?
2. How do we engage communities to make sure gaps in experiences and resource allocation have been captured?
3. Who continues to be excluded and what steps could be taken to rectify that?

Disproportional Impact Considerations:

Equitable access to licensing reduces the barriers leading to transport disadvantage, subsequently increasing access to essential services, employment, education, and social opportunities. Transport disadvantage is directly related to reduced healthcare opportunities and unsafe road behaviors, such as driving unlicensed, unsafe, and overcrowded vehicles, which increases the risk of injury. Proper and continuous operations of the department's systems (services) decrease the risk of failure of these critical systems and ensures equitable access to licensing services that are inclusive, responsive to business and individual needs of all residents of the State of Washington and are accessible to regional and remote communities. DOL will also take steps to ensure that improvements to services do not accidentally increase disparities in access. When making improvements that are not specifically designed to improve service for residents with disabilities, the agency will ensure that current accessibility is maintained or improved for persons using adaptive technologies or similar support resources.

Target Populations or Communities:

Through collaboration with community members, industry experts, and DOL staff, the agency routinely updates rules, policies, processes, and public facing forms and letters to advance diversity, equity, inclusiveness, and accessibility in its programs. Most of these updates will require a corresponding change to the configuration of POLARIS. As the agency furthers its strategic priorities advancing, for example, language access and human centered design, the volume of change requests will increase and will not be able to proceed without additional funding.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

This package will enable DOL to continue supporting improvements and enhancements to interfaces and services for agency partners. Reducing the risk of downtimes and processing errors also ensures no impacts to partners' business processes and customers.

The following government entities rely on accurate and timely data from POLARIS: the Department of Revenue, DOL's business licensing partner; the Departments of Financial Institutions, Health, and Labor & Industries; the Office of the Insurance Commissioner; and the Washington State Patrol, DOL's regulatory and investigatory partners.

Stakeholder Response:

System issues impact DOL's ability to issue business and professional licenses; to advance its strategic plan; and to support other governmental entities and partners.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

HEAL Act Agencies Supplemental Questions

N/A

Reference Documents

[2024 IT Addendum_PR Dedicated Funding for POLARIS.docx](#)

[2024 Supplemental POLARIS IT Addendum Worksheet.xlsx](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

Yes

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. E	\$0	\$19	\$19	\$19	\$19	\$38
Obj. E	\$0	\$353	\$353	\$353	\$353	\$706

Agency Contact Information

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2023-25 IT ADDENDUM

Only use this addendum if your decision package includes IT costs

Part 1: Itemized IT costs

Complete the [2023-25 IT Fiscal Estimate Workbook](#) imbedded below. This workbook will identify the IT portion of the decision package.

In the workbook, agencies must itemize all IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff as required in ESSB 5693 Sec. 150(4)(a)(i-ix).



POLARISITaddendum2023-25.xlsx

Part 2: Questions about facial recognition and supporting the reuse of existing state resources

- A. Will this investment renew or procure a facial recognition service? Yes No
- B. Does this investment provide for acquisition of, or enhancement to, an administrative or financial system as required by [technology policy 122 - administrative and financial system investment approval](#)? Yes No
- C. If **Yes** to question B, has this decision package obtained OCIO and OFM Administrative and Financial System review approval? Yes No
- o If **Yes**, attach the approval letter.
 - o If **No**, the decision package should not be submitted. Recommendation will be “Do Not Fund.”
- D. For DCYF, DOH, DSHS, HCA and the Washington Health Benefit Exchange only: Has this project been screened for inclusion in the HHS Coalition portfolio? Yes No
N/A
- E. Does this decision package support the adoption of modern, cloud-based technologies? Yes No

Part 3: Maintenance level decision packages

The questions in Part 3 are for **Maintenance level** decision packages and need to be answered. (If this is a policy-level decision package, skip Part 3 questions and respond to all questions in Part 4 and Part 5.)

- A. Is this renewal for an existing software or subscription? Yes No
- B. Does this continue a current maintenance contract? Yes No
- C. Does this decision package fund the acquisition or expansion of hardware capacity? Yes No
- If **Yes**, where is the hardware solution hosted? State Data Center.
 External Cloud.
 Other location.
- D. Is this a routine, planned replacement of aging hardware or equipment? Yes No
- If **Yes**, where will the hardware solution be hosted? State Data Center.
 External Cloud.
 Other location.
- E. Has the agency performed research to determine if a modern cloud solution is available for this maintenance investment? Yes No
N/A

Part 4: Policy level decision packages

The questions in Part 4 are general questions for **policy-level** decision packages.

- A. Type of Investment - Identify the decision package investment classification from the following list:
- Addresses technical debt.
 - Cloud advancement.
 - Continues existing project.
 - Critical hardware upgrade.
 - Improves existing service.
 - Introduces new capabilities.
 - System modernization.
- B. Does this decision package fund the acquisition, development, enhancement, or replacement of a new or existing software solution? Yes No
- If **Yes**, where will the software solution be hosted? State Data Center
 External Cloud
 Other location.

C. Do you expect this solution to exchange information with the state financial system (AFRS) or the OneWA solution (WorkDay)? Yes No

D. Does this decision package fund the acquisition or expansion of hardware capacity? Yes No

If **Yes**, where will the hardware solution be hosted? State Data Center
 External Cloud
 Other location.

E. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [Technology policy 121](#).) Yes No

If Yes, name the project:

(Project name published on the [IT Dashboard](#))

Part 5: IT investment prioritization and scoring questions

All policy level decision packages must provide a response to the following questions. Responses will be evaluated and ranked by the OCIO as required by [RCW 43.88.092](#). The criteria scoring scale being used by the OCIO to evaluate and rank decision packages is available on the OCIO [Decision Package Prioritization](#) website. See [23-25 Decision Package Prioritization Criteria](#).

Agency Readiness

Due diligence.

Funding from this decision package will ensure proper and efficient operations of the Department of Licensing (DOL) Professional Online Licensing and Regulatory Information System (POLARIS) and will allow the department to continuously improve POLARIS and associated business processes and remain responsive to business need.

Based on available historical data and best practices, DOL conducted a cost benefit review to identify social and economic value of POLARIS to the department and the State of Washington.

Several data items were considered to estimate the feasibility of system enhancements and improvements to business processes.

- Direct maintenance and licensing costs.
- Indirect costs.

- System downtime or inefficiencies.
- Lost revenue.

Upon evaluating financial and economic factors, the benefit/costs of each system component, and assessing the security impacts and mitigation costs, the department identified the following important benefits of a system that's able to respond quickly to policy changes and business need:

- System downtime is decreased, and the number of major needed repairs/fixes/patches are reduced.
- System enhancements and improvements provide for better conservation of the system and increases its life expectancy, thereby eliminating the risk of premature replacement.
- Reduced overtime costs and economical use of existing IT personnel due to working on a scheduled basis instead of a crash basis to deal with system fixes.

Governance and management.

Contingent on funding availability, ongoing system improvement activities are supported by established contract with Deloitte Consulting and change control processes as described below.

The department's vendor and contract management process allows the department to take appropriate measures for controlling costs, mitigate potential risks, and ensure increased value from vendors in the long run. This includes researching the right contract, metrics and relationship, sourcing, obtaining pricing information, evaluating performance by setting organizational standards, meeting mission critical objectives, minimizing potential disruption of operations, and avoiding delivery failure.

Existing change control process allows DOL to capture and evaluate every request to change the existing system/system portfolio, because the consequential effects of unmanaged change may be far-reaching to business-as-usual activities. This process allows the department to conduct a detailed evaluation of the success criteria, benefits, scope, quality, time, resources, risks, stakeholder engagement, and any other criteria important to continuous operations of POLARIS.

System requests are assessed by Product Owners, who are subject matter experts on business, process, and technology in POLARIS system. Information is gathered on the request that includes problem definition, size, and scope of effort, whether OCM will be needed, number of development hours needed, and other critical information. The Product Owner will facilitate a cross functional group of business and technical leaders and/or subject matter experts to evaluate, prioritize requests, then schedule and perform the work. All work will go through this business-driven governance process to ensure the system(s) meet business needs and priorities.

Planning and readiness.

This is not a new project. These are ongoing system enhancements or improvements to business processes and are supported by established contract with Deloitte Consulting. No internal or external project management resources will be needed.

Technical alignment

Strategic and technical alignment.

- The Governor's goal 5 for efficient, effective, and accountable government by covering increased support for one of DOL's major systems that provide critical services to Washington residents and business partners.
- Washington States Enterprise IT strategic goal 1 creating a government experience that leaves no community behind.
- Washington States Enterprise IT better data, better decisions, better government, and better Washington.
- Washington States Enterprise IT innovate technology solutions create a better Washington.
- DOL's strategic priority of equity and inclusion and implement initiatives to eliminate barriers in the services we provide
- DOL's strategic priority of safe and supported communities and implement the initiatives to improve access to online services and existing in-person and phone channel offerings to ease interactions with our agency.
- DOL's strategic priority of safe and secure data and implement the initiatives to improve stewardship and standards for the management of agency data and protect our customers' personal information.

Reuse and interoperability.

POLARIS is a hybrid software-as-a-service/on-premises commercial-off-the-shelf solution supported by both the vendor and DOL technical resources. POLARIS has the flexibility to interface and conduct data exchanges with other DOL and external systems via batch or real-time services.

POLARIS supports the exchange of information with the following key partners:

- Department of Revenue
- Secretary of State
- OFM/AFRS (Revenue transactions)
- State Treasurer
- Business boards and commissions
- Associations, schools & testing partners

The availability of these interfaces is crucial to the success of DOL and its business partners.

Business alignment

Business driven technology.

The following business goals are addressed by investment in system improvement and enhancement:

- System and Service availability – DOL’s services rely on POLARIS being available 24 hours per day, 7 days a week. Inadequate access to business and licensing services impacts revenue generation and could lead to a number of cascading effects. This decision package ensures DOL has adequate funding to continuously improve POLARIS and associated business processes, support the business need and reduce risk to state services.
- System and Application Integrity – ensuring the integrity of the system’s data and applications rely on an on-going responsiveness to business needs and policy changes. IT investments are the foundation for supporting the integrity of the business.
- Data Security – data incidents can span from a data breach to accidental loss of data. Any type of incident can severely impact business operations.

- Continued Revenue Stream – DOL generates \$3,224,217,739 billion dollars in revenue per year. This revenue is vital in supporting business services to the State’s constituents.
- Regulatory Requirements – DOL’s business model relies on system availability to facilitate legislative work. DOL’s business operations must maintain availability and ensure technological capabilities exist to support regulatory requests.

Measurable business outcome.

Proper and continuous operations of the department’s systems will support the Governor’s goal 5 for efficient, effective, and accountable government.

Decision package urgency

DOL is committed to helping Washingtonians live, work, drive, and thrive during these challenging times. The pandemic has impacted the state in ways never imagined. However, ensuring our commitment to providing ongoing services to our constituents, this decision package’s purpose is to guarantee the agency conducts online business in a safe, secure, and efficient manner.